

Decision No. 46889

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of San Jose City Lines, Inc.,)
requesting authority to increase) Application No. 32541
certain of its rates of fare.)

In the Matter of the Application)
of San Jose City Lines, Inc.,)
requesting authority to extend)
its present routes Nos. 2 and 5) Application No. 33121
and extend and reroute a portion)
of route No. 7.)

Appearances

- John F. Balaam and Frank V. Campbell,
for applicant.
- Robley E. Morgan, for City of Santa
Clara, protestant.
- Alice Garner, Merritt Greene, Vera
Hagedahm, W. E. McCartin and
R. E. Taylor, protestants.
- G. J. Dorsa, Gertrude Foss; Janet
Howard; John J. Kravich, J. J.
Reiter, George W. Siegfried and
W. McTigli, supporting proposed
extensions of service.
- T. A. Hopkins and Hal F. Wiggins for
the Commission's staff.

O P I N I O N

Applicant is a common carrier of passengers by motor bus. It serves the Cities of San Jose and Santa Clara and adjacent unincorporated areas.. By Application No. 32541, it seeks authority to increase its fares. By Application No. 33121, it proposes to extend and reroute certain of its lines.

A public hearing on the fare increase application was held at San Jose on October 4, 1951. The record made at that hearing indicated that the question of proper fares involved related service problems and that these matters should be dealt with and disposed of together. Applicant had conceded that service adjustments required attention, but had made no specific offer to change its service or

extend its routes. The record afforded no adequate basis for determining the character and extent of the improvements required to provide adequate service or for determining the level of the fares necessary to sustain such service. The fare increase application was, therefore, reopened for further hearing. The company subsequently proposed to extend and reroute certain of its lines.

Applicant's service and fares were last considered in and adjusted by Decision No. 45622 of April 24, 1951, in Application No. 31611. The Commission found that proposed extensions of service in the Santa Clara, Willow Glen and Burbank areas which had generally been supported by the cities and by actual and prospective users of the service were necessary to meet the then existing need for additional service. It also found that the proposed discontinuance of the Forrest Street loop in the Burbank area which had been protested by the City of San Jose and by residents of the affected area had not been justified. The Commission commented on the rapid growth of the San Jose-Santa Clara area served by applicant. It expressed its awareness of anticipated further growth and of the probability that further service problems would develop. The Willow Glen line was rerouted pursuant to Decision No. 46267 of October 2, 1951, in Application No. 32688, as a means of improving the service in that area. This change was approved by the City of San Jose subject to its further consideration upon the completion of a projected street improvement.

At the public hearing held at San Jose on February 20, 1952, before Examiner Mulgrew, applicant submitted its proposed further extensions and reroutings. These proposals concern the Park Avenue, Bascom Avenue and North First Street lines.

The Park Avenue line ends at a loop along Newhall and Monroe Streets, Cherrystone Drive and Bascom Avenue in an area where there has been recent large-scale residential development. It does

not penetrate deeply into that area. Applicant proposes to enlarge the loop by rerouting its busses along Newhall Street, Tulip Road, Peachtree Lane, Redwood, Hedding and Monroe Streets, and Walnut Grove and Bascom Avenues. It also proposes to discontinue the intermediate Rose Garden loop, where the line is now diverted from Park Avenue along Naglee and Dana Avenues and Emory Street, and to substitute direct service along Park Avenue.

The proposed Park Avenue line service adjustments are related to the proposed extension of service on the Bascom Avenue line. The Forrest Street loop of the latter line now terminates at Bascom Avenue and Forrest Street. Applicant proposes to extend the line along Bascom Avenue to Bel-Air Avenue. This proposal is designed to provide additional service for the same general newly developed residential area as the Park Avenue line proposal. It is also designed to provide an alternate service in the area now served by the Rose Garden loop of the Park Avenue line. In connection with these proposals, service frequencies on the County Hospital loop of the Bascom Avenue line would be reduced but put on regular intervals in place of the irregular basis now used.

The remaining service proposal, that involving the North First Street line, is a two-block extension from Keoncrest Avenue to North San Pedro Street.

Evidence relating to the foregoing proposals was offered by residents of the affected areas, by representatives of builders engaged in residential development projects, by an engineer of the Commission's transportation department staff, and by applicant's superintendent.

The route extensions proposed by applicant follow the recommendations of the department's engineer. His recommendations

are based on independent and impartial investigation and analysis of the service problems involved. They are intended to provide such additional service as is reasonably required by the growth of the San Jose-Santa Clara area but to avoid making greater extensions with resulting unwarranted increases in operating expenses. The recommendations are said to be tailored to fit existing service requirements and to follow the present street patterns. Admittedly, further development of the area and street improvement work now in prospect will, when completed, in all probability afford the basis for again extending and rerouting applicant's lines in the interest of providing improved service.

Numerous single dwellings and duplex homes have been built in the district west of Bascom Avenue and south of Newhall Street. Many more homes will soon be completed in this district. Plans have been made to go forward with further large-scale construction activities in the same vicinity. Most of the completed new homes are situated, and most of the homes to be built will be located, at considerable distances from applicant's Park Avenue and Bascom Avenue lines.

Most of the residents of the district into which the Park Avenue and Bascom Avenue lines are proposed to be extended are interested solely in obtaining improved service and are not concerned with whether the specific proposals are approved or comparable alternative plans are adopted. Some of the home owners and one of the builders contend that the proposed Park Avenue rerouting does not extend far enough into the residential development. They claim that service around a larger loop is required. They assert that the busses should be run along Newhall Street, Santa Clara-Los Gatos Road and Hedding Street, and then along the proposed route. Service

which does not reach as far west as the Santa Clara-Los Gatos Road, they state, would not meet the requirements of the residents in the westerly section of the district or give effect to the further development in prospect in that section. They point out that the streets they recommend be used are principal thoroughfares and are wider than the streets involved in the proposed rerouting. Between Newhall and Monroe Streets, one of the residents said, Tulip Road is both narrow and winding and bus operations would be dangerous, especially to the children of the home owners located on that drive.

The recommended extension of the Bascom Avenue line is designed to supplement and round out service to the new residential district west of that avenue. Additionally, it is designed to provide an alternate service to the Park Avenue line service in the Rose Garden and other residential areas east of Bascom Avenue. Discontinuance of the Rose Garden loop without extension of the Bascom Avenue line, it is conceded, would deprive the residents of that vicinity of necessary service. The staff engineer and applicant's superintendent both assert that the Park Avenue and Bascom Avenue lines would provide reasonably accessible and convenient service for the district involved. All of this district, they state, would still have service available within a reasonable distance. The intermediate Rose Garden loop, they point out, lengthens the running time on the Park Avenue line by from three to four minutes. This inconvenience, they assert, would be aggravated by extension of the Park Avenue line as more people would be affected. A loop in the middle of a line deviating from an arterial street, the witnesses indicate, is an operating abnormality and inconsistent with sound operating and safety practices. According to the witnesses, additional equipment would have to be assigned to the line if the loop is retained and the line extended. Moreover, the attending increase in operating expenses, they claim, would not be warranted.

Rose Garden area residents oppose the discontinuance of the loop service. Their opposition is based on asserted inadequacies of the proposed Bascom Avenue alternate service. The west side of Bascom Avenue, they state, is unimproved and in rainy weather there are no suitable places for boarding the busses. In peak traffic periods, they claim, crossing the street would be extremely hazardous. They assert further that, in any event, stops along Bascom Avenue could not be made without violation of traffic laws. When safe, suitable and lawful service may be inaugurated on Bascom Avenue, they indicate, their opposition to abandonment of the Rose Garden loop will be withdrawn and they will have no objection to the alternate Bascom Avenue service. Some objection is also raised to the less frequent service recommended for the Bascom Avenue extension than that maintained on the Park Avenue line.

Applicant has offered to allow patrons to board its busses on the east or improved side of Bascom Avenue, without additional charge, for trips to downtown San Jose. It points out that improvement of the west side of the street is in immediate prospect and it claims that there would be no violation of traffic laws.

No one offered any objection to the changed service frequencies recommended for the County Hospital loop. The transportation department's engineer and the company's superintendent state that this service will meet the requirements of patrons on that line.

The City of San Jose regards the service questions presented at this time as not susceptible of final solution until the street patterns in the area are definitely fixed and contemplated improvements made. With the exception of the use of Tulip Road between Newhall and Monroe Streets it is in accord with the recommended changes. It is not opposed to the elimination of the Rose Garden loop provided the bus stops to be used in the Bascom Avenue extension are suitably graveled or improved.

It is clear from the foregoing that the public need for service would best be served at this time by adoption of the recommended

service changes in the Park Avenue and Bascom Avenue lines. However, the modification of the Park Avenue line proposal so as to avoid the use of Tulip Road between Newhall and Monroe Streets, as suggested by City of San Jose and the residents of that street, appears necessary in the interest of public safety. These conclusions are based on the development of the area and of its streets at their present stages and at the stages of development which are in immediate prospect. Obviously, further consideration of service requirements will be necessary as these developments progress. It will, of course, be expected that applicant will comply with all traffic regulations and that it will arrange its stops on Bascom Avenue so that the operations will be safe and the security of its passengers will not be jeopardized by exposing them to any undue traffic hazards. Applicant will also be required to provide areas at these stops which will be suitable for boarding its busses in rainy weather. The Commission is convinced that inauguration of the proposed extended service, as above modified and qualified, will best serve the general public need for service at this time and that this service will reasonably meet the requirements of the areas involved.

The remaining proposal respecting extended service involves the North First Street line. The recommended extension of two blocks from Keoncrest Avenue to North San Pedro Street is considered by the residents as not being far enough into the district. It is pointed out that a substantial number of duplex homes are situated along Guadalupe Parkway and they would prefer to have the line extended to that street. However, their spokesman indicated that a four-block extension to Santa Paula Street, two blocks from the Parkway, would probably provide an acceptable substitute for the longer extension.

According to the engineer and the superintendent, the company would not be able to maintain the present running time and service frequencies on this line with a greater extension than the two-block extension proposed. The City of San Jose has approved the recommended two-block extension to North San Pedro Street.

In the circumstances it does not appear feasible at this time to require the further extension sought by the residents. Service will be available to them within reasonable distances.

The department's engineer also recommended increased service frequencies during the morning peak period on the Park Avenue line and during the afternoon peak period on the Willow Glen line. These recommendations are not opposed. They should be put into effect.

It should be noted that the lines here being extended were not affected by the service extensions made in 1951 pursuant to Decision No. 45622, supra. The Santa Clara line was then extended and rerouted. The city attorney of the City of Santa Clara and a representative of residents in an area beyond the present line entered appearances at the February 20, 1952 hearing as protestants. They do not oppose the recommended extensions of other lines. However, they believe that the Santa Clara line should now be further extended. They offered no evidence in support of their view other than to call attention to the residential development beyond the present route of the Santa Clara line. The department's engineer and the company's superintendent, on the other hand, claim that their investigations indicate that a further extension is not justified under current conditions. There is thus no adequate basis on this record for concluding that a further extension is warranted at this time.

The Commission wishes to make plain that it is concerned with seeing that all necessary service is provided but that service proposals must be shown to be such that they will be sustained by adequate patronage at reasonable fare levels in order to warrant their adoption. The existing riders should not be burdened with higher fares or suffer from service curtailments made necessary by premature or other nonsustaining extensions to new areas.

Another factor which will be hereinafter referred to in connection with the fare increase proposals is the continuing decline

in over-all patronage of the applicant's lines notwithstanding the rapid growth of population in the San Jose-Santa Clara area. The service problems presented on this record having been determined, discussion of the fares will follow.

In Decision No. 45622, supra, the Commission denied the sought increases in the basic intrazone fares from seven to ten cents cash and from four tokens for twenty-five cents ($6\frac{1}{2}$ cents each) to four for thirty cents ($7\frac{1}{2}$ cents each). Instead, it authorized a fare of seven cents with no lower token arrangements. Other fare adjustments, involving both increases and reductions, were also made. Interzone fares were revised so that the additional charge would be five cents per zone. Related adjustments were made in applicant's fares for occasional and seasonal service. School children's fares remained on the five-cent intrazone and seven-cent interzone levels.

Most of applicant's patrons use the intrazone service. As above indicated, under Decision No. 45622, the cash fare for the intrazone service was not increased and the token fare was increased by only three-quarters of a cent per ride, while the increases which had been sought would have amounted to three cents and one and one-quarter cents, respectively.

No change in fares was involved in the rerouting of the Willow Glen line.

Applicant again seeks to increase its intrazone cash fare from seven to ten cents. It now proposes that tokens, which may be used in lieu of a cash fare, be sold at the rate of three for twenty-five cents ($8\frac{1}{3}$ cents each). It would retain the additional charge of five cents per zone for interzone travel. Comparable adjustments are proposed in the fares for the occasional and seasonal service. No change is sought in the school children's fares. These are the sought adjustments which the Commission concluded should be considered with the related service problems hereinbefore disposed of.

San Jose City Lines' income statements for the last five calendar years, adjusted only by eliminating the losses shown as "other income (net)" and by calculating the net income from operations and the operating ratio after federal income taxes, are summarized in Table 1 below:

Table 1 - Company Income Statements

<u>Item</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>
Operating Revenues	\$697,033	\$873,625	\$834,392	\$761,825	\$738,630
Operating Expenses	\$651,505	\$736,106	\$693,891	\$685,561	\$686,376
Federal Income Taxes	<u>4,478</u>	<u>63,525</u>	<u>67,165</u>	<u>20,125</u>	<u>5,100</u>
Total Expenses	\$655,983	\$799,631	\$761,056	\$705,686	\$691,476
Net Income	\$ 41,050	\$ 73,994	\$ 73,336	\$ 56,139	\$ 47,154
Operating Ratio (After Income Taxes)	94.11%	91.53%	91.21%	92.63%	93.62%

Evidence concerning the prospective future financial results of applicant's operations under the present and proposed fares was offered by the company's general auditor and by an engineer of the transportation department's staff. Both witnesses submitted estimates for the twelve-month period ending February 28, 1953. According to the auditor, operations under the existing fares would result in a loss of \$37,219, while operations under the proposed fares would yield net income of \$35,782. His forecasts give effect to a wage increase of six cents per hour which the company has offered its employees and they have refused. The engineer, on the other hand, estimated net income of \$16,058 from the present fares and \$65,596 from the proposed fares at the existing wage scales and net income of \$6,484 and \$59,032, respectively, with effect given to a six-cent wage increase. The details of these estimates are shown in Tables Nos. 2 and 3, which follow.

Table 2 - Operations Under Present Fares

<u>Item</u>	<u>Company Auditor</u>	<u>Commission Engineer</u>	
		(1)	(2)
Operating Revenue			
Passenger	\$656,870	\$671,947	
Special	15,000	20,060	
Advertising	11,000	10,945	
Token Adjustment	---	1,485	
Other	150	740	
Total Operating Revenue	\$683,020	\$705,177	\$705,177
Operating Expenses			
Equipment, Maintenance and Garage	\$136,600	\$124,235	
Transportation	362,700	339,215	
Traffic, Solicitation and Advertising	2,850	2,535	
Insurance and Safety	41,975	42,495	
Administrative and General	42,315	43,425	
Depreciation	71,156	70,714	
Operating Taxes and Licenses	62,643	60,210	
Total Operating Expenses	\$720,239	\$682,829	\$682,829
Estimated Annual Wage Increase	*	---	\$14,244
Adjusted Total Operating Expenses	*	---	\$697,073
Net Before Income Taxes	<u>(\$37,219)</u>	\$22,348	\$8,104
Income Taxes	---	\$6,290	\$1,620
Net After Income Taxes	<u>(\$37,219)</u>	\$16,058	\$6,484
Rate Base	\$456,651	\$453,633	\$453,633
Rate of Return (After Income Taxes)	---	3.54%	1.43%
Operating Ratio (After Income Taxes)	105.47%	97.72%	99.08%

() - Indicates loss

(1) - Without wage adjustment.

(2) - Adjusted to give effect to a wage increase of 6 cents per hour offered by the company but rejected by its employees.

* - Wage adjustment included in the auditor's expense figures.

Table 3 - Operations Under Proposed Fares

<u>Item</u>	<u>Company Auditor</u>	<u>Commission Engineer</u>	
		(1)	(2)
Operating Revenue			
Passenger	\$758,415	\$776,590	
Special	15,000	20,060	
Advertising	11,000	10,945	
Token Adjustment	---	3,535	
Other	<u>150</u>	<u>740</u>	
Total Operating Revenue	\$784,565	\$811,870	\$811,870
Operating Expense			
Operating and Maintenance	\$586,440	\$551,905	
Depreciation	71,156	70,714	
Operating Taxes and Licenses	<u>67,316</u>	<u>62,540</u>	
Total Operating Expenses	\$724,912	\$685,159	\$685,159
Estimated Annual Wage Increase	*	---	<u>\$14,244</u>
Adjusted Total Operating Expenses	*	---	\$699,403
Net Before Income Taxes	\$59,653	\$126,711	\$112,467
Income Taxes	<u>23,871</u>	<u>61,115</u>	<u>53,435</u>
Net After Income Taxes	\$35,782	\$65,596	\$59,032
Rate Base	\$456,651	\$453,633	\$453,633
Rate of Return (After Income Taxes)	7.84%	14.46%	13.01%
Operating Ratio (After Income Taxes)	95.46%	91.92%	92.73%

(1) - Without wage adjustment

(2) - Adjusted to give effect to a wage increase of 6 cents per hour offered by the company but rejected by its employees.

* - Wage adjustment included in the auditor's expense figures.

The engineer also estimated operating results under alternate fare plans of ten cents cash and five tokens for 35 cents (7 cents each) and of ten cents cash and two tokens for fifteen cents (7½ cents each). These fare bases, he believed, would yield net

revenues of \$42,423 and \$37,941, respectively, at the existing wage scales. With a six-cent wage adjustment, his corresponding net revenue figures are \$35,859 and \$31,377. The details of the estimates follow in Table 4.

Table 4 - Operations Under Alternate Fares

<u>Item</u>	<u>Alternate 1*</u>		<u>Alternate 2*</u>	
	(1)	(2)	(1)	(2)
Operating Revenue				
Passenger	\$725,877		\$714,955	
Special	20,060		20,060	
Advertising	10,945		10,945	
Token Adjustment	2,825		3,785	
Other	<u>740</u>		<u>740</u>	
Total Operating Revenue	\$760,447	\$760,447	\$750,485	\$750,485
Operating Expense				
Operating and Maintenance	\$551,905		\$551,905	
Depreciation	70,714		70,714	
Operating Taxes and Licenses	<u>61,410</u>		<u>61,175</u>	
Total Operating Expenses	\$684,029	\$684,029	\$683,794	\$663,794
Estimated Annual Wage Increases	---	<u>\$14,244</u>	---	<u>\$14,244</u>
Adjusted Total Operating Expenses	---	\$698,273	---	\$698,038
Net Before Income Taxes	\$76,418	\$62,174	\$66,691	\$52,447
Income Taxes	<u>33,995</u>	<u>26,315</u>	<u>28,750</u>	<u>21,070</u>
Net After Income Taxes	\$42,423	\$35,859	\$37,941	\$31,377
Rate Base	\$453,633	\$453,633	\$453,633	\$453,633
Rate of Return (After Income Taxes)	9.35%	7.90%	8.36%	6.92%
Operating Ratio (After Income Taxes)	94.42%	95.28%	94.94%	95.82%

* - Alternate 1 is 10 cents cash and 5 tokens for 35 cents.
 Alternate 2 is 10 cents cash and 2 tokens for 15 cents.

(1) - Without wage adjustment.

(2) - Adjusted to give effect to a wage increase of 6 cents per hour offered by the company but rejected by its employees.

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The foregoing estimates include forecasts of additional mileage costs and other higher expenses, as well as of predicted patronage, which the witnesses believe will result from the service extensions and improvements hereinbefore found necessary to meet the public need for service. The difference in the rate base figures is too slight to require comment. It would have no appreciable effect on the indicated rates of return.

In regard to wages, the contract expires June 30, 1952. As hereinbefore indicated, the company has offered a six-cent increase. It has been refused. Settlement on a lower basis is not considered possible by the management. The offered wage adjustment should, therefore, be included in the cost estimates.

At the direction of the Commission applicant posted notice of the hearing in each of its busses and had such notice published in a newspaper of general circulation in the San Jose-Santa Clara area. The Commission's secretary also sent notices of the hearing to the Cities of San Jose and Santa Clara, to Santa Clara County, and to certain other organizations and individuals believed to be interested in the matter. None of them, however, participated in the hearing with respect to the fare question. The requested increase stands unopposed. This is in striking contrast to the participation of numerous parties in developing the record in regard to service, in supporting and opposing the recommended service changes, and in submitting alternate proposals for service betterments.

It is plain that service, not fares, is the paramount issue. At the hearing applicant's representatives stated unequivocally, and reiterated as the hearing progressed, that the

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company stands ready and willing to supply service in keeping with the demand therefor and to make such further extensions and improvements as may in the future prove essential in meeting changed public requirements. It is the company's position that the higher fares now sought are necessary in order for it to be financially able to carry out its service obligations. The existing fare structure, it is evident, will not sustain service of the scope and character necessary to meet the public's requirements. As Table 2 indicates, the present fares would under the more optimistic of the two forecasts produce revenues approximately equivalent to the cost of providing service and under the other estimate they would fail by a substantial amount of meeting the costs. It is apparent, therefore, that the present fare structure will not sustain the type of service which is required and that higher fares are essential. The fare question remaining to be decided is whether the full increase sought is justified or whether some lower basis should be authorized.

The alternate fare structures submitted by the department's engineer would at best produce an operating ratio of 95.28 percent and yield a return of 7.90 percent. The company did not offer alternate fare estimates. While there is thus no direct comparison available, the engineer's other revenue estimates are based on patronage of applicant's service at a higher level than that forecast by the company's auditor and his general cost figures are lower than the auditor's. It is at least doubtful that as good an operating result as that predicted by the engineer would be achieved under the alternate fares. A less favorable one would not produce revenues sufficient to sustain the extensions and improvements which have been found necessary and which will be required by the order herein. Such operating results, moreover, would impair applicant's financial ability to proceed with further service extensions and

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improvements which the record indicates will become necessary in the foreseeable future. The public interest requires that adequate service be maintained. The alternate rates are not high enough to permit this to be accomplished.

Turning now to the proposed fares, the differences in the forecasts of operating results made by the company's auditor and the department's engineer are not great. The witnesses' figures for probable annual operating revenue under the sought fares are both in the neighborhood of \$800,000, the difference between the two estimates being approximately \$27,000. The engineer predicts total revenues exceeding the company's estimate by only some 3½ percent. Similarly the cost estimates, before provision for income taxes, are around \$700,000 and are within \$25,000 of each other. The company's aggregate cost figure exceeds the engineer's by about 3½ percent. Both witnesses necessarily relied on informed judgment as to the future patronage of applicant's service. While they both used forecasts of the number of passengers arrived at in consideration of the pronounced downward trend in patronage which has been experienced for some time, the engineer predicted greater use of applicant's service than the company's auditor. Should the downward trend in patronage continue at its most recent rate, or should it accelerate, both revenue estimates would be too high. In any event, with impending further cost increases and further demands for service extensions and improvements, it is doubtful that financial results as favorable as those indicated by the department's engineer would be achieved. On the other hand, it seems quite possible that somewhat more favorable results than those forecast by the company's auditor would result from the granting of the sought fare increase.

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For most of the riders, those who would use the token fare basis, the sought increase from seven to eight and one-third cents amounts to one and one-third cents per trip. Only the casual or occasional riders would be faced with the three-cent increase, from seven to ten cents, in cash fares. None of the applicant's patrons nor the cities object to the fare increases. The regular riders, it is clear, want improved service and are entirely willing to pay a reasonable increase in fares, such as the nominal increase proposed, in order to obtain such service. It will be remembered that the cash fare for the casual riders was not increased in 1951 when the token user's fare basis was raised by three-quarters of a cent per ride.

According to the record, the sought fares would produce, after provision for income taxes, an operating ratio ranging between 92.73 and 95.46 percent, a rate of return ranging between 7.84 and 13.01 percent, and a net income of between \$35,782 and \$59,032. More precise determination of probable operating results cannot be made because of the uncertainties on which the estimates of record are necessarily based. Service requirements and patronage are in highly unsettled states and the levels at which they may stabilize are highly conjectural.

As hereinbefore stated, the paramount issue is the adequacy of the service. The record is persuasive that lower fares than those proposed would jeopardize applicant's ability to maintain adequate service and to extend and improve service in keeping with the growth and development of the San Jose-Santa Clara area. The proposed fares, on the other hand, will evidently produce revenues which will not exceed those necessary to sustain necessary service and to enable applicant to establish and maintain the extensions and improvements in service which are essential to meet its service obligations.

Upon consideration of all of the evidence of record the Commission finds (1) that public convenience and necessity require the proposed extensions and other service changes, modified and qualified to the extent hereinbefore indicated and as provided by the order herein; (2) that other service improvements recommended by the transportation department's engineer are necessary to provide adequate service and should be established by applicant; (3) that the proposed fare increases have been justified to become effective upon the inauguration of the above-described service; (4) that applicant shall not reduce the service provided on any of its lines without first obtaining the express approval of the Commission; and (5) that, in all other respects, the proposals contained in the applications, as amended, have not been justified.

O R D E R

Based on the evidence of record and on the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED:

(1) That San Jose City Lines be and it is hereby authorized and directed to establish, within sixty (60) days after the effective date of this order and on not less than five (5) days' notice to the Commission and to the public, the following service changes and extensions:

(a) Establish service over the following routes with the proposed scheduled running times and service frequencies.

NORTH FIRST STREET-COTTAGE GROVE LINE - ROUTE NO. 2.

Beginning at the intersection of Rosemary Street and North First Street in the City of San Jose, thence around a loop bounded by Rosemary Street, North San Pedro Street, Gish Road and North First Street, thence in a southerly direction along North First Street and South First Street to West Alma Avenue, thence along West Alma Avenue to Almaden Avenue, thence along Almaden Avenue to West Humboldt Street, thence along West Humboldt Street to Palm Street, thence along Palm Street to Willow Street, thence along Willow Street to South First Street.

BASCOM AVENUE-SEVENTEENTH AND BERRYESSA LINE - ROUTE NO. 5.

Beginning at the intersection of Seventeenth and Rosa Street, thence around the block bounded by Rosa Street, North Fifteenth Street, Vestal Street and North Seventeenth Street, thence south along North Seventeenth Street to East Julian Street, along East Julian Street to North Sixth Street, along North Sixth Street to St. John Street, along St. John Street to North Second Street, along North Second Street and South Second Street to East San Fernando Street, along East San Fernando Street and West San Fernando Street to Delmas Avenue, along Delmas Avenue to West San Carlos Street, along West San Carlos Street to MacArthur Avenue, along MacArthur Avenue to Pioneer Avenue, along Pioneer Avenue to Bradley Avenue, along Bradley Avenue to Moorpark Avenue, along Moorpark Avenue to Irving Avenue and along Irving Avenue to West San Carlos Street.

Also, beginning at the intersection of West San Carlos Street and Bascom Avenue, thence along Bascom Avenue to Bel-Air Avenue.

Also, beginning at the intersection of Bascom Avenue and Forrest Street, thence along Forrest Street to Brooklyn Avenue and along Brooklyn Avenue to West San Carlos Street.

PARK AVENUE-LUMA PARK LINE - ROUTE NO. 7.

Beginning at the intersection of North Tenth and East Empire Street, thence northerly along North Tenth Street to Rosa Street, along Rosa Street to North Thirteenth Street, along North Thirteenth Street to East Empire Street, along East Empire Street to North Seventh Street, along North Seventh Street to Washington Street, along Washington Street to North Fifth Street, along North Fifth Street to East Santa Clara Street, along East Santa Clara Street and West Santa Clara Street to Market Street, along Market Street to Park Avenue, along Park Avenue to Newhall Street, along Newhall Street to Monroe Street, along Monroe Street to Tulip Road, along Tulip Road to Peachtree Lane, along Peachtree Lane to Redwood Street, along Redwood Street to Hedding Street, along Hedding Street to Monroe Street, along Monroe Street to Walnut Grove Avenue, along Walnut Grove Avenue to Bascom Avenue, thence along Bascom Avenue to Newhall Street.

(b) Locate its bus stops on the west side of Bascom Avenue between Forrest Street and Bel-Air Avenue with due regard to the security and safety of its passengers and gravel or otherwise improve bus loading areas so that they will be suitable for use in rainy weather.

(c) Establish the increased service frequencies on the Park Avenue and Willow Glen lines recommended by the transportation department's engineer.

(2) That in all other respects the service provisions of Decision No. 45622 of April 24, 1951, as amended, shall remain in full force and effect.

(3) That upon the inauguration of the above-described service, and on not less than five (5) days' notice to the Commission and to the public, applicant be and it is hereby authorized to establish the proposed increased fares.


(4) That, in addition to the customary filing and posting of tariffs and time schedules, applicant shall give not less than five (5) days' notice of the above-described changes to the public by distributing and posting in its busses a printed explanation, or, if feasible, a small map of the areas involved, or both, showing clearly the changes in routes and the new fares.


(5) That applicant shall not reduce the service provided on any of its lines without first obtaining the express approval of the Commission.

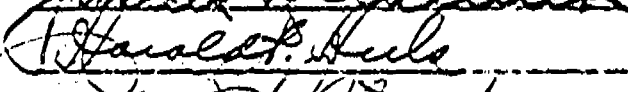
(6) That, in all other respects, the above-entitled applications, as amended, be and they are hereby denied.

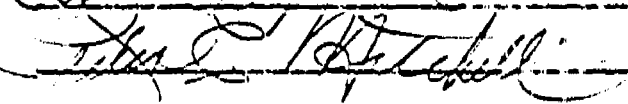
This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 25th day of March, 1952.



President






Commissioners