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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SAN JOSE CITY LINES, INC., for
 amendments to existing certificate
 of public convenience and necessity
 under Section 1031 of the Public
 Utilities Code to extend present
 Route No. 1.

Application No. 43285

In the Matter of the Joint Application
 of NORMAN W. HOLMES, an individual
 doing business under the name of
 MAYFAIR SUBURBAN LINES and PEERLESS
 STAGES, INCORPORATED, a California
 corporation requesting authority to
 transfer the operative rights of said
 Norman W. Holmes to Peerless Stages,
 Incorporated, a California corporation.

Application No. 43289

George H. Hook and George E. Thomas, for San
 Jose City Lines, Inc., applicant in Appli-
 cation No. 43285 and protestant in Appli-
 cation No. 43289.

John F. Balaam, for Peerless Stages, Incorporated,
 and Norman W. Holmes, applicants in Application
 No. 43289 and protestants in Application No.
 43285.

William R. Peters, for the Commission staff.

O P I N I O N

Norman W. Holmes, doing business as Mayfair Suburban Lines
 (hereinafter at times referred to as Holmes), requests authority to
 sell and transfer and Peerless Stages, Incorporated (hereinafter at
 times referred to as Peerless) requests authority to purchase and
 acquire certain operative rights authorizing the transportation of
 passengers as a passenger stage corporation.

By its application, as amended, San Jose City Lines, Inc.,
 (hereinafter at times referred to as City Lines) requests authority
 to extend its present Santa Clara-Linda Vista Route No. 1 so as to
 provide service to areas in the eastern section of San Jose.

Public hearing was held before Examiner Thomas E. Daly on May 19, 1961, at San Jose and the matter was submitted.

By Decision No. 61726, dated March 28, 1961, the operative rights of Holmes were revoked for repeated safety violations. On April 5, 1961, Holmes and Peerless filed Application No. 43289 requesting that the effective date of Decision No. 61726 be extended and for authority to transfer said rights for a cash consideration of \$100. On April 11, 1961, the Commission issued an order extending the effective date of Decision No. 61726 to the time of final disposition of Application No. 43289 on the condition that service be provided with the equipment of Peerless.

On April 4, 1961, City Lines filed Application No. 43285 requesting authority to serve areas in the eastern section of San Jose formerly served by Holmes. As a result, Applications Nos. 43285 and 43289 were consolidated for the purpose of hearing and decision.

The operative rights of Holmes involve three routes. Route No. 1 serves east San Jose, which includes a large new subdivision known as Tropicana Village. Route No. 2 serves between San Jose, Agnew and Alviso. Route No. 3 serves between San Jose, Cupertino, Mountain View and Los Altos. City Lines is only interested in serving the area covered by Holmes' Route No. 1. Peerless, on the other hand, proposes to take over the entire operation of Holmes. The proposal of Peerless, however, is limited to serving the entire area or nothing.

Proposal of City Lines and Public Support

City Lines is presently providing an urban passenger stage service in the Cities of San Jose and Santa Clara and areas immediately adjacent thereto. It proposes to operate two legs off of its Route No. 1 along E. Santa Clara Street and Alum Rock Avenue. The first

leg would divert from E. Santa Clara Street at King Road and serve Tropicana Village via Story Road. The second leg would divert from Alum Rock Avenue at White Road and loop an area via McKee Road, Toyon Avenue and San Mardo Avenue.

City Lines proposes a daily service except Sundays and holidays. No night service is proposed except on Mondays and Thursdays when the department stores are open. Service would be provided every 30 minutes during the morning and afternoon peak periods, with hourly service during the day base period and all day on Saturdays. A fare of 10 cents is proposed within any single zone with an additional charge of 5 cents between zones. Two fare zones are proposed for each of the extensions. Applicant will provide a twenty-ride school children's fare for \$2.00 and in addition thereto proposes systemwide transfer privileges.

Seven public witnesses testified on behalf of City Lines. One was the City Manager of San Jose, another was the manager of Woolworth's Department Store in San Jose, who testified as the Director of the Downtown Merchants Association of San Jose. The five remaining witnesses were residents of the extended areas.

The City Manager of San Jose testified that the city supports the application of City Lines because they have worked together over the years with respect to the coordination and extensions of service; that it is easier for the city to deal with a single carrier than with several carriers; that in the event City Lines should experience future financial difficulties there is the possibility that the City of San Jose would acquire and operate the system and in that event the city would not want a competing carrier operating within the corporate limits.

The Director of the Downtown Merchants Association and

the five other public witnesses supported the application of City Lines because of its proposal to provide more frequent service, cheaper fares, and systemwide transfer privileges.

Proposal of Peerless and Public Support

Peerless is presently engaged in the transportation of passengers as a passenger stage corporation between various points including Oakland, San Jose, and Santa Cruz. Peerless has been operating Routes 1, 2 and 3 since April 3, 1961, for Holmes under extension of time authority of Decision No. 61726. It owns and operates 58 pieces of equipment, 13 of which are transit type buses, which Peerless proposes to use if the requested transfer is authorized.

Peerless proposes to operate Route No. 1 daily except Sundays and holidays from 7 a.m. to 6 p.m, with 40 minute headways being maintained during the peak periods and hourly schedules during the base hours. It was stated that if the transfer were authorized, Peerless would reduce fares to meet those proposed by City Lines.

Generally speaking, the proposed service over Route No. 2 would be about every two hours seven days a week from 8 a.m. to 5 p.m. Service over Route No. 3 to Cupertino and Loyola is hourly during the peak periods and every two hours during off-peak hours. Two round trips would be provided to Mountain View and Los Altos daily. Peerless intends to adopt the tariffs of Holmes with respect to Routes 2 and 3.

Six public witnesses testified in support of Peerless. They included the City Manager of Cupertino, the Chief Administrative Officer for the City of Los Altos, the president of the Los Altos Chamber of Commerce, a representative of the State Hospital of Agnew, and two residents from the Route No. 1 area.

The city officials introduced city resolutions supporting the application of Peerless. Such support was predicated upon the

fact that unless Peerless could provide a complete, noncompetitive service it would not be able to provide any service. This would leave these outlying communities without public transportation to and from the major metropolitan area of San Jose. The Los Altos Chamber of Commerce supports Peerless because of Route No. 3, which provides service to five shopping centers in the Los Altos area. The representative from the State Hospital at Agnew testified that Peerless is presently serving the hospital and that continued service is very important to those visitors who depend upon public transportation. The other two public witnesses stated that Peerless is now providing a satisfactory and dependable service, which they hope will be continued. One stated that she also uses the service to Cupertino.

Applicant Holmes testified that he is also a resident in the vicinity of Route No. 1; that he first became interested in a passenger stage operation shortly after moving to the area and following City Lines refusal to extend service to the new developments, which were then without public means of transportation; that his service was admittedly not always dependable because of breakdowns and lack of sufficient capital, although, he stated, it was an honest attempt to meet the immediate public needs; and that only now after he pioneered and struggled for many years is City Lines willing to extend its service.

Findings and Conclusions

After consideration the Commission finds and concludes as follows:

1. That Peerless is ready, willing and able to provide a complete service between the points and over the routes heretofore served by Holmes.
2. That City Lines does not intend to provide a complete service but expressly wishes to confine its operations to the immediate vicinity of San Jose and Santa Clara.

3. That if the application of City Lines were granted it would result in the discontinuance of service to Cupertino, Mountain View, Alviso, Los Altos and Agnew.
4. That, with continuation of service by Peerless, public convenience and necessity do not require the proposed extension of City Lines.
5. That the proposed transfer from Holmes to Peerless would not be adverse to the public interest.

O R D E R

Applications having been filed and the Commission being informed in the premises,

IT IS ORDERED:

1. That on or before July 15, 1961, Norman W. Holmes may sell and transfer and Peerless Stages, Incorporated, a corporation, may purchase and acquire the operative rights created by Decision No. 56107 and as amended by Decisions Nos. 56447, 59260, 58630 and 56575.

2. That, within thirty days after the consummation of the transfer herein authorized, purchaser shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

3. That, on not less than five days' notice to the Commission and to the public, Norman W. Holmes and Peerless Stages, Incorporated shall, effective concurrently with the consummation of such transfer, amend or reissue the tariffs and timetables on file to the satisfaction of the Commission, naming rates, rules and regulations in accordance with the record herein established governing the operations here involved, to show that Norman W. Holmes has withdrawn or canceled and Peerless Stages, Incorporated, has adopted or established as its

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own, said rates, rules and regulations. The tariff and timetable filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs and timetables set forth in the Commission's General Orders Nos. 79 and 98.

4. That concurrent with the transfer of the operative rights authorized in Ordering Paragraph 1 hereof, the order in Decision No. 61726 revoking said rights is hereby set aside and annulled.

5. That Application No. 43285 is hereby denied.

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

Dated at San Francisco, California, this 11th day of July, 1961.

[Signature]
President
[Signature]
[Signature]
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Commissioners