

ORIGINAL

Decision No. 67847

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SAN JOSE CITY LINES, INC., for)
 authority to extend, revise and de-)
 lete certain portions of existing)
 routes numbers 1, 4, 5, 6 and 7 and)
 to increase fares.)

Application No. 46727
 (Filed June 16, 1964;
 amended August 24, 1964)

INTERIM OPINION AND ORDER

San Jose City Lines, Inc., has requested authority to revise certain routes and to increase adult fares, school fares and certain special fares. It is proposed that the adult cash fare be increased from 15 to 20 cents.

By amendment filed August 24, 1964, it requests the Commission to authorize an interim increase in the adult cash fare from 15 to 17 cents pending hearing and determination by the Commission of its basic proposals to change routes and revise fares. In support of this request for interim increase in the adult cash fare, applicant alleges that for the 7-month period January 1, 1964 to July 31, 1964 applicant has suffered financial losses from operations amounting to \$23,824. Effective July 1, 1964, pursuant to a collective bargaining agreement, the wages applicant pays to its drivers were increased by 7 cents per hour. Applicant alleged that further financial losses will impair its ability to continue to provide service and that the interim relief sought herein is urgently needed to offset the increased wage costs and to curb the financial losses now being sustained.

Applicant's present fares were authorized by the Commission in Decision No. 66266 dated November 5, 1963 in Application No. 45601.

At that time, it was estimated that the increased labor costs for one year resulting from an increase of 7 cents in the wages of drivers which became effective July 1, 1963 would amount to approximately \$21,750.

The Commission staff is engaged in the preparation of engineering economic and financial and accounting studies concerning applicant's request to revise routes and increase fares. It has reported that although the studies were not completed, it estimates that the requested interim fare of 17 cents will increase applicant's gross revenues by approximately \$7,000 per month resulting in an operating ratio of 98 percent. It has also reported that applicant is operating at a loss at the present time.

We take official notice of Decision No. 66825, dated February 18, 1964, in Application No. 43664 (62 Cal. P.U.C. 381) in which the Commission extended until January 1, 1965 its order requiring San Jose City Lines, Inc., to acquire new bus equipment. Said decision found that the financial resources of applicant would not permit it prudently to purchase the eight new buses at that time. The record in that proceeding contained comprehensive reports of the financial condition of applicant which indicated that unless there was a change in operation, volume of traffic or level of fares applicant will continue to operate at or near the break-even point for the foreseeable future.

We find that:

1. Applicant is currently conducting operations at a loss.
2. Its financial condition is such that further losses may impair its ability to provide service required by the public.
3. Disposition of the issues pertaining to the changes in routes and general revision of applicant's rate structure cannot be made at this time and that hearing is required with respect to those issues.

4. The additional revenues that will result from the increase in adult cash fare from 15 to 17 cents is required to offset applicant's current operating losses and to insure continued operation of the service.

5. The increase in adult cash fare from 15 to 17 cents is justified.

6. The extent of operating losses currently being sustained by applicant together with the inability of applicant to withstand such losses require that applicant be authorized to establish the interim fare on not less than five days' notice.

We conclude that applicant should be authorized to establish the interim adult cash fare of 17 cents on not less than five days' notice to the Commission and to the public, and that applicant should be required to post in its buses a notice of the change in fares.

IT IS ORDERED that:

1. San Jose City Lines, Inc., is authorized to establish the interim cash adult fare of 17 cents proposed in First Amendment to Application No. 46727 filed August 24, 1964. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its buses and terminals a printed explanation of its fares. Such notice shall be posted not less than five days before the effective date of the

fare changes and shall remain posted for a period of not less than thirty days.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 15th day of September, 1964.

Fredrick B. Holmstedt
President
John E. ...
George C. Grover

Commissioners

Commissioner George C. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.