

ied

ORIGINAL

Decision No. 68503

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)
delete certain portions of exist-)
ing routes numbers 1, 4, 5, 6 and)
7 and to increase fares.)

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

Geo. E. Thomas, for applicant.
Timothy E. Treacy, for the Commission staff.

FINAL OPINION

This application was heard October 27, and 28, 1964, at San Jose before Examiner Thompson and was submitted November 4, 1964 on the filing of Exhibits Nos. 4 and 5. Notices of hearing were posted and published in accordance with the Commission's procedural rules.

San Jose City Lines, Inc., is a passenger stage corporation conducting urban transit operations within and about the City of San Jose. It seeks authority to reroute certain of its lines and to increase passenger fares. There were protests to some of the proposed route changes. No one appeared in opposition to the proposed fare increases. Applicant and the Commission staff presented evidence concerning the issues herein. A number of persons testified concerning the effect the proposed route changes would have upon them. We will first discuss the proposed route changes.

In its Decision No. 62960, dated December 19, 1961, in Application No. 43664, the Commission stated that San Jose City Lines, Inc., should give consideration to a determination of

extensions and changes in service which would promote the comfort and conveniences of the public. Applicant's president testified that the company has a program in which it keeps itself informed of the developments in the area it serves, and plans service and route modification so as to best meet the needs of the public in the light of those developments. He said that the route changes proposed herein were decided upon by the company after discussions with officials of the city and of the county and after serious consideration of statistical data, including present passenger counts and estimates of potential traffic that may result from industrial, commercial, and residential development in the area.

Route No. 1 - Santa Clara - King Road - Linda Vista

Kaiser Foundation Hospitals recently completed a large hospital on Kiely Boulevard in the City of Santa Clara. In order to serve the hospital and adjacent facilities, it is proposed to extend Route No. 1 from the intersection of Homestead Road and Los Padres Boulevard along Homestead Road, Kiely Boulevard and Benton Street to Los Padres Boulevard, a round-trip distance of 1.7 miles. This extension would also serve the residential areas west of Los Padres Boulevard, which are now without public transportation. Initially a service frequency ranging from 36 to 45 minutes will be provided from approximately 6.00 a.m. to 7:00 p.m., weekdays, Saturdays, and Sundays. No additional buses will be required and no change in present schedules is necessary. It is proposed to include the entire extension in a newly established second-fare zone.

This proposal was not opposed and was supported by public witnesses.

A. 46727 led

Route No. 4 - Delmas - Bird - Curtner

In November 1962 this route was extended westerly along Curtner Avenue from Plummer Avenue to Booksin Avenue. At that time Curtner Avenue ended at Booksin Avenue. Curtner Avenue has recently been opened to traffic to Meridian Avenue. It is now proposed to extend the route one-half mile westerly and one-half mile southerly to the intersection of Meridian and Husted Avenues as follows:

From Booksin Avenue along Curtner Avenue, Briarwood Drive, Husted Avenue, Meridian Avenue, and Curtner Avenue, thence easterly to the present route.

The extension would provide service to a heavily populated residential area now without public transportation. No additional equipment would be required and no change in schedules or fares is proposed.

This proposal was not protested. One witness that would be provided service by this extension requested that applicant be required to provide an additional bus line along the length of Meridian Avenue.

Route No. 5 - 17th and Rosa - County Hospital - Valley Fair

At the request of County Officials, applicant proposes to extend service from the intersection of Scott Street and Bascom Avenue, along Bascom Avenue into the County Hospital grounds, a distance of approximately one-half mile. Anticipating this extension, the County has already constructed bus turn-out bays and passenger shelters. The extension will provide more direct service to the County Hospital and Health Facilities and the San Jose City College. The change will result in abandonment of service along

A. 46727 led

Scott Street between Eascom Avenue and Bradley Avenue and along Bradley Avenue between Scott Street and Moorpark Avenue. Only one passenger stop, however, will be eliminated and this is only one-tenth of a mile from the proposed route. Present schedules and fares will remain in effect.

This proposal was not opposed.

Route No. 6 - Airport - 22nd and William

Route No. 6 presently operates in two directions from downtown San Jose. One leg operates south and east to 22nd and William Streets and the other west and north to the San Jose Municipal Airport. This route is the least patronized of any on the system and produced only 3.4 percent of the total revenue for the calendar year 1963. The airport leg is very poorly patronized, since the area to the north and east of the route is mostly industrial with a large portion being occupied by the Southern Pacific Company railroad yards and facilities. It is proposed to discontinue service over that portion of the route between San Fernando Street and the Airport and, in lieu thereof, establish a new crosstown route to be designated as Route No. 6 - Civic Center-Valley Fair. The 22nd and William Streets portion would be combined with Route No. 7 with no reduction in service.

The discontinuance of service on the airport segment of Route No. 6 was protested by a number of persons. The protestants include workers at Food Machinery Corporation who board and alight from the bus at Coleman Street and Newhall Street in going to and from their place of employment, a person employed at the airport, a person with residence on Pershing Street near Stockton Street, and a lady with two small children who uses the No. 6 line to go to and from work and while enroute deposits and picks up her children at a school on Coleman Street.

The Commission staff made a study of the present service and the proposed service of applicant and its report of that study is in Exhibit No. 3. The report shows that proposed Route No. 6 will operate along portions of Taylor Street and Coleman Street presently served by Route No. 6. Passenger counts were made by the staff on Route No. 6 which disclose that 30 percent of the daily passengers (86 out of a total of 280) on present Route No. 6 boarded or alighted at bus stops which will be served by proposed Route No. 6. An average of 25 passengers boarded the bus line and 30 alighted at Coleman and Newhall Streets which is the stop used by employees of Food Machinery Corporation. The study indicates these passengers traveled on the morning and evening schedules during the peak hours. A daily average of eight passengers alighted at the airport and 13 boarded at hours indicating that a number of the passengers work at the airport. The remaining passengers boarded or alighted at bus stops south of the intersection of Taylor and Stockton Streets.

If the proposal is made effective, the airport will be almost one mile from the nearest bus stop; the intersection of Coleman and Newhall Streets will be about 0.3 mile from the nearest bus stop; and, with respect to points on Route No. 6 south of Stockton and Taylor Streets all such points will be 0.3 mile or less from the nearest bus stop.

The proposed new crosstown route to be designated Route No. 6 - Civic Center - Valley Fair would be as follows:

Commencing at the intersection of North San Pedro and Hedding Streets, thence along Hedding Street, North First Street, Mission Street, San Pedro Street, Hedding Street, Coleman Street,

Taylor Street, Naglee Avenue and Forest Avenue to the entrance of the Emporium in the Valley Fair Shopping Center.

The new route would provide service to the entire Civic Center area and residential areas, Municipal Rose Garden, Egyptian Museum, hospitals, medical buildings, and shopping centers. The line would cross, or connect with, Routes Nos. 1, 2, 5, and 7, with free transfers being provided between lines. A single zone fare would apply. Initially only weekday service would be provided with a 30-minute frequency from 6:30 a.m. to 6:30 p.m. One bus would be required.

Route No. 7 - Park Avenue

As stated above, applicant proposes to annex to this route the present easterly portion of Route No. 6. There are no other changes in this route proposed.

Findings on Proposed Changes in Routes

The proposed route changes will result in an improved service and should attract more passengers than are now being served. The discontinuance of the northerly portion of present Route No. 6 will inconvenience a number of persons; however, it will result in only a few persons being without bus service. Those persons are those who use the bus to and from the airport. The evidence shows that the northerly portion of Route No. 6 is poorly patronized and that it is a burden upon the operation conducted by applicant. The detrimental effect upon a few persons resulting from the change in Route No. 6 is far outweighed by the benefits and advantages to the public generally which will result therefrom.

We find that public convenience and necessity require the changes in routes proposed herein.

The Fare Increase

Applicant's fare structure is based on a three-zone system. The fare for transportation within one zone is the basic adult cash fare or token, as the case may be. For transportation in more than one zone, the fare is the basic fare plus five cents for each zone in excess of one through which the passenger is transported.

Applicant's present permanent basic fare is 15 cents cash. By Decision No. 67847 applicant was authorized to establish an interim basic fare of 17 cents cash. It seeks authority here to increase the adult cash fare to 20 cents and to issue a token rate of fare of 5 tokens for 95 cents. It also seeks authority to increase certain other fares. The present permanent fares and the proposed fares are set forth below:

| <u>Fare</u> | <u>Present</u> | <u>Proposed</u> |
|------------------------------|---------------------|---------------------|
| Adult - Cash | \$0.15 | \$0.20 |
| Adult - Token | - | 0.19 (5/95c) |
| School Tickets | 0.07 (20/\$1.40) | 0.10 (20/\$2.00) |
| Fairgrounds and Muni Stadium | 0.15* | 0.20* |
| Speedway | 0.20* | 0.25* |

*Special seasonal fares without transfer privileges.

An accountant of the Commission's Finance and Accounts Division examined certain of applicant's accounting records, reports and other financial data. His report is contained in Exhibit No. 3.

The corporate structure of applicant and certain affiliates was discussed in Decision No. 62960, mentioned above. Since the issuance of that decision, and in late 1962, the total outstanding stock of Pacific City Lines, a management company, was purchased from National City Lines by two officers of Pacific. At the end of 1962 Pacific City Lines, under its new ownership, purchased the total outstanding stock of San Jose City Lines, Inc., San Jose and Santa Clara Railroad Company, and Stockton City Lines, Inc., from National City Lines. Pacific City Lines, the parent company, manages the operations of San Jose City Lines and Stockton City Lines.

A number of statements concerning applicant's financial position are included in the staff accountant's report. Comparative income statements show that applicant had a net operating revenue of \$24,779 for the year ended December 31, 1963, and \$2,471 for the twelve months ended June 30, 1964. Those figures indicate that applicant had a substantial operating loss during the first six months of 1964. Exhibits presented by applicant show that it had an operating loss each and every month from January 1, 1964 through August 31, 1964 and the total amount of operating losses for that period was \$30,158.

Applicant and an engineer from the Transportation Division of the Commission's staff presented forecasts of the results of applicant's operations, including the proposed changes in routes and service, at the proposed fares. Those forecasts, together with the recorded results of operations for the year ended August 31, 1964, are summarized below in Table I.

TABLE I

Comparison of Forecasts of the Operating Results of San Jose City Lines for the Year 1965 under Proposed Fares with Recorded Results for the Year Ended August 31, 1964.

| | <u>Recorded Results</u> | <u>Applicant's Forecast</u> | <u>Staff's Forecast</u> |
|-------------------------|-------------------------|-----------------------------|-------------------------|
| Miles of Operation | 1,872,542 | 1,904,000 | 1,903,960 |
| <u>Revenues:</u> | | | |
| Passenger | \$ 902,538 | \$1,033,320 | \$1,098,320 |
| Charter | 45,290 | 45,000 | 45,290 |
| Other | <u>11,652</u> | <u>11,000</u> | <u>11,650</u> |
| Total | \$ 959,480 | \$1,089,320 | \$1,155,260 |
| <u>Expenses:</u> | | | |
| Maintenance | \$ 155,515 | \$ 169,021 | \$ 159,960 |
| Transportation | 547,616 | 584,975 | 573,100 |
| Traffic | 5,757 | 7,900 | 5,740 |
| Insurance | 79,328 | 79,120 | 68,380 |
| Administration | 65,577 | 69,525 | 70,050 |
| Depreciation | 23,758 | 34,791 | 36,870 |
| Operating Taxes | <u>94,489</u> | <u>89,600</u> | <u>84,910</u> |
| Total | \$ 972,020 | \$1,034,392 | \$ 999,020 |
| Net before Income Taxes | (12,540) | 54,388 | 156,240 |
| Income Taxes | <u>100</u> | <u>11,876</u> | <u>56,400</u> |
| Net Operating Income | \$ (12,640) | \$ 42,512 | \$ 99,840 |
| Operating Ratio | 101.3% | 96.1% | 91.4% |
| Rate Base | | \$ 434,063 | \$ 407,880 |
| Rate of Return | | 9.85% | 24.5% |

(Red Figure)

The differences in the estimates result principally from differences in judgment and partially because the staff considered certain adjustments in accounts necessary for consistency and for rate making purposes. Those adjustments result principally because of intercompany transactions. Where there is no substantial difference in the estimates we will adopt the staff's estimate of revenues and expenses.

There is virtually no difference in the mileage estimates.

The difference in the passenger revenue estimates results from applicant considering a downtrend of about 5 percent in number of passengers; whereas, the staff considered that the general level of traffic would remain constant. The evidence clearly shows that there has been a steady decline in passengers since 1961. Exhibit No. 2 shows a comparison of the weekday, Saturday and Sunday daily averages of full fare passengers carried each month for the first nine months for 1963 and 1964. The data shows a decrease of 4.84 percent in weekday daily averages, a decrease of 5.55 percent in Saturday traffic and a decrease of 4.76 percent in Sunday patronage. The staff contends that the downtrend in passengers between 1963 and 1964 reflects the normal diminution of traffic resulting from the fare increase of November 5, 1963, and that such diminution is considered separately in the applicant's estimates and in the staff's estimates.

During 1962 applicant transported a total of 6,294,344 adult passengers. In 1963 it transported 5,644,420 adult passengers. This represents a decline in patronage of 10.33 percent. Commencing in 1962 applicant had a cash fare of 12 cents and a token fare of 4 tokens for 45 cents (11½¢). By Decision No. 64523, dated November 7, 1962, in Application No. 44577 applicant was authorized to establish a cash fare of 15 cents and a token fare of 7 for \$1.00 (14-2/7¢). This represents an increase in fares of approximately 25 percent. The diminution factor which has historically been applied in application proceedings involving applicant's fares has been 1/4 of the percent of the increase in fares. The diminution factor for that increase was 6.25 percent. Even considering the diminution factor there was a downtrend in traffic of over four

percent. Pursuant to Decision No. 64523 applicant made numerous extensions of lines commencing in 1963. The number of miles operated in 1963 was well over 7 percent in excess of the miles operated in 1962. Those extensions were made for the purpose of promoting passenger traffic. In those circumstances, an economic downtrend in traffic of about 5 percent is indicated. Another indication that the decrease in passenger traffic results from an economic downtrend is shown in Exhibit No. 2. Diminution in traffic as a result of a fare increase will ordinarily show in the first few months following the increase in fares; thereafter, the level of traffic should be fairly constant. As stated above, Exhibit No. 2 contains a comparison of the average daily passengers each month from January through September for the years 1963 and 1964. The table shows a gradual decrease in passenger traffic. Applicant's forecast of revenues is reasonable and will be adopted.

The difference of about \$9,000 in the forecasts of maintenance expense results mainly from differences in estimates of Accounts Nos. 4128 (repairs to shop and garage buildings) and 4140 (repairs - revenue equipment). Applicant included in its estimate of Account No. 4128 about \$1,345 in excess of the recorded figure because of proposed painting of the garage. The testimony of the president of applicant is that applicant has a program of maintaining and improving its properties. If the painting expense is an extraordinary item, the cost should be spread over a period of years. Applicant estimated the material expense of repairs to revenue equipment by applying a cost of 1.9 cents per mile to the estimated mileage. The 1.9 cent cost factor was developed from determining the experience of the company for the 31-month period ended July 31, 1964. The experience of applicant for the 12-month

period ended August 31, 1964 was 1.75 cents per mile. Applicant intends to place eight new buses in operation. Its repair expense per mile should not be as great as that experienced during the 31-month period ended July 31, 1964. The staff's forecast is reasonable and will be adopted.

The difference in the forecasts of transportation expense results mainly from differences in the estimates of drivers' wages. Applicant applied the rates of pay which will become effective January 1, 1965 to the actual payroll hours for the period July 1, 1963 to June 30, 1964 and found the wages to be \$513,774.45. This figure was divided by 1,882,890 miles (which was the mileage operated during that period) to obtain a wage cost of 27.286 cents per mile. Applicant then used a mileage cost factor of 27.5 cents and applied it to 1,904,000 miles to obtain an estimate of \$523,600. The staff's estimated driver expense was \$512,680. Clearly the staff's estimate is too low. If the factor of 27.286 cents per mile is applied to 1,904,000 miles the result is \$519,525. We are of the opinion that this figure is a reasonable estimate of drivers' wages applicant will pay in 1965. We find that \$580,900 is a reasonable forecast of transportation expense.

The difference in traffic expense results from applicant estimating an increase in advertising expense because of the necessity of advertising and promoting the new routes and extensions. The staff's estimate is the same as the recorded expense for the year ended August 31, 1964. The record shows that applicant has run out of timetables. It has deferred having them printed because this proceeding was pending. The recorded expense, therefore, may be lower than that which would normally be incurred. There were no substantial changes in service or routes during the test year.

so that applicant did not have any expense of advertising and promoting new routes or service. If applicant is to realize the benefit of new patronage from the route changes some additional advertising and promotion will be necessary. Applicant's estimate is reasonable and will be adopted.

The difference in insurance expense estimates is attributable to differences in estimates of workmen's compensation insurance expense and public liability and property damage expense. Workmen's compensation insurance premium is based upon the payroll. We have concluded driver's wages to be something less than that estimated by applicant. We conclude that \$13,000 for workmen's compensation insurance expense is reasonable. Applicant's estimate was \$13,225 and the staff's estimate was \$12,570. Applicant developed an estimated expense for liability and property damage insurance of \$63,000 from its 1963 and 1964 recorded expense. The staff's estimate was developed by reviewing the claims paid by the insurance carrier over the past 6 years and the amount of money necessary to administer those claims and relating that cost to the number of passengers carried and the miles operated in order to determine an actual unit cost per mile and per passenger, which unit costs were applied to the test period estimate of miles and passengers to determine the estimated liability property damage insurance expense. This method was used on the assumption that the premium paid by applicant is merely a deposit, that at the end of the term of the insurance contract the true cost of the insurance is determined, and if that amount differs from the premium deposit paid the applicant either receives a rebate or is assessed for the difference.

The evidence shows that this assumption is not correct. The term of the coverage is a calendar year. In February the rate is determined for the calendar year and is retroactive to January 1. At the midyear the rate is reviewed and may be changed. The rate is negotiated and is based primarily upon the past experience of applicant. The rate for the calendar year 1962 was 9½ percent. In February 1963 the rate of 7 percent for the calendar years 1963 and 1964 was established. In July 1964 the rate was reviewed but not changed. The premium so determined is the actual expense to applicant. The premium is not subject to rebate or assessment. It is not known at this time what the rate for 1965 will be. Because the 1964 midyear review did not result in a change in rate it appears likely that the rate for 1965 will not be substantially different from 1964. Applicant's estimate is reasonable and will be adopted. We find that \$78,780 is a reasonable estimate of insurance and safety expense for the year 1965.

The difference in the forecasts of operating taxes results from differences in the estimates of vehicle license expense and of payroll taxes. Applicant developed the amount of license expense by obtaining information from the Department of Motor Vehicles of the 1965 fee for each coach. The applicant's estimate of vehicle license expense is reliable and will be adopted. The recorded payroll taxes for the year ended August 31, 1964 was \$34,140. Applicant estimated payroll taxes of \$35,575 for the year 1965. The staff forecast \$31,160 in payroll taxes. The evidence shows that during 1965 there will be no fewer employees than in the test year. The following circumstances indicate an increase in the amount of payroll taxes: (1) during the test year one mechanic was off work for 108 days because of illness and that

mechanic is now back at work on full time; (2) the collective bargaining agreement between applicant and its drivers calls for wage increases effective July 1, 1964 and January 1, 1965 and, to the extent that during the test year applicant's employees did not earn the maximum taxable wages, the increases in wages will be subject to payroll taxes; and (3) the changes in routes and service provide for more miles of operation and although the hours worked are not proportional to the miles of operation, to the extent that the additional miles of operation will require more paid hours, the payroll taxes will increase. The only circumstance indicating a reduction in payroll taxes is that the rate for Federal Unemployment Insurance is reduced from 0.8 percent on taxable wages of \$3,000 to 0.7 percent on taxable wages of \$3,000. The number of persons employed by applicant is not of record. It is reasonable to assume from the size of the operation that the number of employees is not in excess of 100. If 100 employees received earnings in excess of \$3,000 per year the reduction in Federal Unemployment Insurance tax would be \$300. We find that \$34,800 is a reasonable estimate of payroll taxes for the year 1965 and that \$88,860 is a reasonable forecast of operating taxes.

The differences in depreciation expense and rate base result from the use of different rates of depreciation and salvage in connection with motor vehicle equipment. The method used by the staff is consistent with that used and approved by the Commission in prior proceedings and should be used here. In carrying forward the data appearing on prior exhibits setting forth the data on motor vehicle equipment some errors were made in the staff's estimate. The errors occurred with respect to bus numbers 6511-6517 and 6641-6644. Using the method referred to above, from

Exhibit No. 4 we have recalculated the depreciation of motor vehicle equipment and obtained a depreciation expense for 1965 of \$35,643, a depreciation reserve as of January 1, 1965 of \$619,486 and an investment in buses as of January 1, 1965 of \$374,037. We adopt the staff estimates of investment and depreciation with respect to properties other than buses. We find that \$38,630 is a reasonable forecast of depreciation expense for 1965 and that a reasonable estimate of the average depreciated rate base for the year 1965 is \$427,760.

The method used by the staff to develop income taxes is reasonable and will be adopted.

Table II sets forth our estimate of the results of operation under proposed fares for the year 1965.

TABLE II

Forecast of the Results of Operation by San Jose City Lines, Inc., for 1965 under Proposed Fares.

| | | |
|---------------------------------|--------------------|---------------|
| Revenues: | | |
| Passenger | \$1,033,320 | |
| Charter | 45,000 | |
| Other | 11,000 | |
| Total | <u>1,089,320</u> | |
| Expenses: | | |
| Maintenance | 159,960 | |
| Transportation | 580,900 | |
| Traffic | 7,900 | |
| Insurance | 78,780 | |
| Administration | 70,050 | |
| Depreciation | 38,630 | |
| Operating Taxes | 88,860 | |
| Total | <u>\$1,025,080</u> | |
| Net Revenue before Income Taxes | | \$ 64,240 |
| Income Taxes | | <u>10,840</u> |
| Net Income | | 53,400 |
| Operating Ratio | | 95.1% |
| Rate Base | | \$427,760 |
| Rate of Return | | 12.5% |

With the acquisition of the eight new buses, applicant's capitalization will be approximately \$277,000 in equity and \$108,000 in debt. Net earnings of \$53,400 will result in a return on equity capital of about 16.75 percent. We find that the increases which will result from the establishment of the proposed fares are not justified.

With a token rate of fare of 5 for 90 cents (18c) in lieu of 5 for 95 cents (19c) and assuming a token usage of 35 percent, the results of operation would be as follows:

TABLE III

Forecast of the Results of Operation of San Jose City Lines, Inc., for 1965 under Proposed Fares except for a Token Fare of 5 for 90c.

| | |
|--|------------------|
| Revenues | \$1,070,000 |
| Operating Expense | <u>1,025,080</u> |
| Net Operating Revenue before Income Taxes | 44,920 |
| Income Taxes | <u>2,770</u> |
| Net Income | \$ 42,150 |
| Operating Ratio | 96.1% |
| Rate Base | \$ 427,760 |
| Rate of Return | 9.85% |
| Return on Equity Capital | 12.7% |

Even though applicant has extended its lines to develop potential traffic the number of passengers using its lines has been steadily decreasing since 1960. In 1961 its cash fare was 10 cents. This is the fourth occasion since then that applicant has shown justification for an increase in fares. We find that the estimates of revenues, expenses, including depreciation and taxes, and rate base set forth in Table III are reasonable and reasonably represent the results of operation by applicant for

the year 1965 under the proposed fares except for a token rate of fare of 5 for 90 cents; that such results are reasonable for the operations conducted by applicant; and that the increases that will result from the establishment of said fares are justified.

We conclude that applicant should be authorized to make the route changes and to establish the fares herein found reasonable. On January 1, 1965 applicant incurred substantial increases in wage costs. It should therefore be authorized to establish the increased fares on ten days' notice and this order should be made effective without delay.

FINAL ORDER

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to San Jose City Lines, Inc., a corporation, authorizing it to operate as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, between the points and over the routes more particularly set forth in the revised pages to Appendix A attached hereto and made a part hereof.

2. Appendix A of Decision No. 52915, as heretofore amended, is further amended by incorporating therein:

Second Revised Page 4,
Third Revised Page 7,
Third Revised Page 8,
Second Revised Page 9,
Second Revised Page 10.

3. In providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations:

- (a) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. By accepting the

certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its operations and to comply with and observe the safety rules of the California Highway Patrol, the rules and other regulations of the Commission's General Order No. 98 and insurance requirements of the Commission's General Order No. 101-A. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the safety rules, or the provisions of General Orders Nos. 98 or 101-A, may result in a cancellation of the operating authority granted by this decision.

- (b) Within one hundred twenty days after the effective date hereof, applicant shall establish the service herein authorized and file tariffs and timetables, in triplicate, in the Commission's office.
- (c) The tariff and timetable filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff and timetable filings shall be concurrent with the establishment of the service herein authorized.
- (d) The tariff and timetable filings made pursuant to this order shall comply 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. Applicant is authorized to establish the following increased fares:

| | |
|--|---------------|
| Adult Cash Fare (single zone) | 20c |
| Adult Token Fare (single zone) | 5 for 90c |
| School Commutation Fare | 20 for \$2.00 |
| Seasonal and Occasional Service (without transfer): | |
| Santa Clara Fairgrounds | 20c |
| San Jose Municipal Stadium | 20c |
| San Jose Speedway | 25c |

A. 46727 ied

Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and to the public.

5. The authority granted in Paragraph 4 hereof shall expire unless exercised within ninety days after the effective date of this order.

6. 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.

7. In all other respects Application No. 46727 is denied.

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

Dated at San Francisco, California this 19th
day of January, 1965.

Frederick B. Hill
President
John E. Hill
George L. Brown
William L. Bernard
Commissioners

ied

Appendix A
(Dec. 52915)

San Jose City Lines, Inc. Second Revised Page 4
Cancels
First Revised Page 4

ROUTE NO. 1 - SANTA CLARA - KING ROAD - LINDA VISTA

Commencing at a point in the County of Santa Clara at Miguelito Road and Alum Rock Avenue; thence along Alum Rock Avenue, East Santa Clara Street, West Santa Clara Street, The Alameda to Franklin Street in the City of Santa Clara; thence along Franklin Street, Monroe Street, Lexington Street, Homestead Road, Los Padres Boulevard, Benton Street, Scott Boulevard, Harrison Street, and Monroe Street to Franklin Street.

Also from the intersection of Homestead Road and Los Padres Boulevard along Homestead Road to Kiely Boulevard and along Kiely Boulevard to Benton Street; thence along Benton Street to Los Padres Boulevard.

Also, beginning at the intersection of Bellomy Street and The Alameda in the City of Santa Clara; thence along Bellomy Street, Lafayette Street, Civic Center Drive, Main Street, Cabrillo Avenue, Scott Boulevard, Warburton Avenue, Calabazas Boulevard, Cabrillo Avenue, and Santa Cruz Avenue to Warburton Avenue.

Also, turn around block in the City of San Jose on East Santa Clara Street bounded by South 34th Street, Shortridge Avenue and King Road.

Issued by California Public Utilities Commission.

Decision No. 68503, Application No. 46727.

ied

Appendix A
(Dec. 52915)

San Jose City Lines, Inc. Third Revised Page 7
Cancels
Second Revised Page 7

ROUTE NO. 4 - DELMAS - BIRD - CURTNER - MERIDIAN

Commencing at the intersection of Curtner Avenue and Briarwood Drive; thence along Briarwood Drive, Husted Avenue, Meridian Road, Curtner Avenue, Coastland Avenue, Malone Road, Bird Avenue, Willow Street, Delmas Avenue, Grant Street, Almaden Avenue, West San Carlos Street, South Market Street, West Santa Clara Street, South First Street, West San Carlos Street, and Vine Street to Grant Street.

Issued by California Public Utilities Commission.

Decision No. 68503, Application No. 46727.

ied

Appendix A
(Dec. 52915)

San Jose City Lines, Inc. Third Revised Page 8
Cancels
Second Revised Page 8

ROUTE NO. 5 - 17TH AND ROSA - COUNTY HOSPITAL - VALLEY FAIR

Commencing at the intersection of South First Street and San Carlos Street, South Second and North Second Street, St. John Street, North Fifth Street, East St. James Street, North Tenth Street, Rosa Street, 17th Street, East Julian Street, North Fifth Street, St. John Street, North First and South First Streets, West San Carlos Street, Leland Avenue, Scott Street, Bascom Avenue to the entrance of the County Hospital (County Hospital grounds roadway to Moorpark Avenue) Moorpark Avenue, Monroe Street, Neal Street, Clover Avenue, Moorpark Avenue to Monroe Street.

Also, commencing at the intersection of Monroe Street and Neal Street; thence along Monroe Street, Williams Road, Rockdale Avenue, Borina Drive, Pinewood Drive to Williams Road.

Also, commencing at the intersection of West San Carlos Street and Leland Avenue; thence along West San Carlos Street, Bellrose Drive, Forest Avenue, Redwood Avenue (turn around in Valley Fair Parking Area); thence along Forest Avenue, Monroe Street, Hedding Street, Bascom Avenue, Olive Street, Wabash Avenue to West San Carlos Street.

Issued by California Public Utilities Commission.

Decision No. 68503, Application No. 46727.

led

Appendix A
(Dec. 52915)

San Jose City Lines, Inc. Second Revised Page 9
Cancels
First Revised Page 9

ROUTE NO. 6 - CIVIC CENTER - VALLEY FAIR

Commencing at the intersection of North San Pedro Street and West Hedding Street; thence along West Hedding Street, North First Street, West Mission Street (City Hall), North San Pedro Street, West Hedding Street, Coleman Street, Taylor Street, Naglee Avenue, and Forest Avenue to the entrance of The Emporium.

Issued by California Public Utilities Commission.

Decision No. 68503, Application No. 46727.

ied

Appendix A
(Dec. 52915)

San Jose City Lines, Inc. Second Revised Page 10
Cancels
First Revised Page 10

ROUTE NO. 7 - PARK AVENUE

Commencing at the intersection of Newhall Street and Washington Street; thence along Newhall Street, Bohannon Drive, Los Padres Boulevard, Pruneridge Avenue, Hedding Street, Redwood Avenue, Walnut Grove Drive, Broadleaf Lane, Cherrystone Drive, Bascom Avenue, Newhall Street, Park Avenue, South Market Street, West Santa Clara Street, South First Street, East San Carlos Street, South 17th Street, San Antonio Street, 22nd Street, William Street, South 13th Street, East San Carlos Street, South Second Street, East San Fernando Street, West San Fernando Street and Vine Street to Park Avenue.

Issued by California Public Utilities Commission.

Decision No. 68503, Application No. 46727.