

Decision No. 70147**ORIGINAL**

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 increase certain rates)
 of fare. }

Application No. 43664
 (Petition for Modification
 Filed October 13, 1965)

George E. Thomas and George H. Hook, for applicant.
Glenn E. Newton and Fred G. Ballenger, for the
 Commission staff.

OPINION AFTER HEARING ON PETITION

This matter was heard November 16, 1965 before Examiner Thompson at San Jose and was submitted December 1, 1965 on receipt of late-filed exhibits.

San Jose City Lines, Inc., seeks modification of ordering paragraph 6 of Decision No. 62960, as amended by Decision No. 66825, which requires applicant to purchase eight new buses on or before January 1, 1966. Said ordering paragraph 6 of Decision No. 62960, dated December 19, 1961, required applicant to acquire 37 new motor buses in replacement of older buses prior to January 1, 1967, and set forth a schedule specifying the minimum number of buses to be acquired prior to said date. By Decision No. 66825, dated February 18, 1964, ordering paragraph 6 was modified so as to require applicant to acquire 32 new buses prior to January 1, 1968 pursuant to a revised schedule which specifies that applicant shall acquire 8 new buses on or before January 1, 1966.

By this petition, applicant states that it does not have the cash resources with which to purchase 8 new buses at this time and if it were to borrow funds to finance the purchase of the buses its financial condition would be seriously impaired.

Evidence supporting its petition was presented by applicant. The Commission staff recommended that the purchase of 8 new buses prior to January 1, 1966 be deferred and that the schedule prescribed by the Commission for the acquisition of buses be modified so as to require only 5 buses to be purchased each year instead of 8 buses.

We find that:

1. Applicant has been directed by the Commission to acquire 8 new buses each year (1965, 1966 and 1967) so that a total of 24 new buses will have been acquired prior to January 1, 1968.
2. The purchase price of eight new 35-passenger motor coaches is approximately \$129,040.
3. On August 31, 1965 applicant's current liabilities exceeded its current assets.
4. Since February 18, 1964 (the date of Decision No. 66825) applicant acquired 8 new motor coaches at a cost of \$125,371.
5. In order to acquire said 8 coaches it was necessary for applicant to borrow funds and as of September 30, 1965 the amount outstanding on that loan amounted to \$91,317.
6. The acquisition of new buses by applicant at this time would impair its financial condition.
7. Applicant has a program for overhauling and refurbishing its older coaches and as a result of that program has refitted and refurbished a number of its older coaches to a condition almost equal to that of the eight new coaches acquired in 1964 from the standpoint of safety, mechanical operation, comfort and convenience of passengers.
8. Public convenience and necessity require the replacement of only 5 coaches per year rather than the 8 coaches per year prescribed by Decisions Nos. 62960 and 66825.

We conclude that because of its financial condition applicant should be authorized to defer for one year the acquisition

of motor buses required by Decisions Nos. 62960 and 66825 and that ordering paragraph 6 of Decision No. 62960 should be modified so as to direct applicant to acquire 24 new motor buses on or before January 1, 1971 at a rate of 5 buses per year commencing in 1966 through 1969 and 4 buses for the year 1970.

O R D E R

IT IS ORDERED that the requirements of ordering paragraph 6 of Decision No. 62960 in this proceeding are modified as follows:

6. San Jose City Lines, Inc., shall acquire twenty-four new motor buses in replacement of older buses prior to January 1, 1971, and the number of buses acquired and the dates of acquisition shall not be less in number or in time than specified in the following schedule:

<u>Number of Buses</u>	<u>Shall be Acquired Prior to</u>
5	January 1, 1967
5	January 1, 1968
5	January 1, 1969
5	January 1, 1970
4	January 1, 1971

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

Dated at San Francisco, California, this 21st
day of DECEMBER, 1965.

President

Auguston

George R. Hoover

William B. ...

Commissioners