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Decision No. 71899

**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 11, 1966)

SUPPLEMENTAL ORDER

By Decision No. 62960, dated December 19, 1961, as modified by Decision No. 70147, dated December 21, 1965, the Commission prescribed a program for replacement of 37 buses by San Jose City Lines, Inc. As a part of that program, applicant has purchased 13 and was ordered to acquire 5 new buses on or before January 1, 1967 and a certain number of buses in succeeding years. It has petitioned the Commission to modify its order so as to defer the bus replacement program one year.

Applicant states in its petition that pursuant to the decision it acquired eight new motor coaches in 1964 at a cost of \$125,371 which purchase it financed by means of a loan of \$100,000. The unpaid balance of the loan as of September 30, 1966 amounted to \$79,147. It asserts that in order to acquire 5 new buses it will again have to borrow funds and due to what is commonly termed "tight money market conditions" currently prevailing, the lender of the previous funds is reluctant to loan additional funds.

Applicant has presented statements of its financial condition in its petition. The Commission staff has submitted a report concerning the financial condition of applicant. Said

report is received in evidence as Exhibit A-1. We have been informed by the staff, and also by letter dated November 23, 1966 from applicant's president, that officials of the City of San Jose and applicant are exploring the possibility of obtaining federal funds under the Federal Mass Transportation Act of 1964, administered by the Department of Housing and Urban Development, for the purpose of acquiring motor coaches for use in applicant's service.

Under ordinary circumstances applicant has the financial ability to make a reasonable down payment as well as meet monthly payments of principal and interest for the purchase of five new buses. We are aware that it is presently difficult for a borrower to acquire funds on terms as favorable as those in the past. Applicant is faced with uncertainties in future operations resulting from a trend of declining patronage and the expiration on June 30, 1967 of its wage agreement with its employees.

It is in the public interest that applicant be given opportunity to secure financing for the purchase of new motor coaches at the most favorable terms possible. The successful completion of negotiation by the City of San Jose and applicant with the Department of Housing and Urban Development may require several months. In the circumstances, we conclude that the directive to applicant that it acquire at least five additional motor coaches on or before January 1, 1967 should be postponed until August 1, 1967. We are not persuaded that the circumstances justify the deferment of the bus replacement program in any other respect; therefore,

IT IS ORDERED that:

1. Ordering paragraph 6 of Decision No. 62960, as amended by Decision No. 70147, is further modified by substituting the date "August 1, 1967" for the date "January 1, 1967".

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2. In all other respects Decision No. 62960, as amended, shall remain in full force and effect.

3. In all other respects the petition for modification is denied.

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

Dated at San Francisco, California, this 24th day of JANUARY, 1967.

*Robert E. Brudick*  
President

*William W. Bennett*

*Avigador*

*Harold P. Munnery*

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Commissioners

Commissioner WILLIAM SYMONS, JR. did not participate in the disposition of this proceeding.