

ORIGINAL

Decision No. 73337

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of EVELYN M. BAKO, formerly
EVELYN M. KNAPP, and JOHN P.
DEMETER, copartners, doing
business as PENINSULA TRANSIT
LINES, for certificate of public
convenience and necessity to
operate passenger stage service
between Palo Alto, North Palo Alto,
San Carlos, Redwood City, Atherton,
Menlo Park, Woodside and Toyon
Knolls.

Application No. 49542
(Filed July 12, 1967)

RE: Authority to discontinue
Routes numbered A, B, C, E and F,
being all routes in the Redwood
City Division.

Kenneth A. Johnson, for applicants.
Richard Gardella, for the City of Redwood
City, protestant.
Clyde T. Neary, for the Commission staff.

O P I N I O N

Evelyn M. Bako, formerly Evelyn M. Knapp, and John P. Demeter, copartners, doing business as Peninsula Transit Lines, presently rendering a passenger stage service between Palo Alto, North Palo Alto, San Carlos, Redwood City, Atherton, Menlo Park, Woodside and Toyon Knolls, request authority to discontinue Routes Nos. A, B, C, E and F, all of which are operated in the Redwood City Division.

A public hearing was held before Examiner Daly at Redwood City on September 25, 1967, and the matter was submitted.

All of the Redwood City Division routes are being operated by a single 1948 - 31-passenger bus, with a bus of like size and

vintage being held in reserve on a standby basis. With one bus and one driver, applicants operate approximately 137 miles a day over Routes Nos. A, B, C, E and F.

According to the application, operation of the Redwood City Division resulted in a loss of \$10,888 during 1966. For the first six months of 1967, the operation indicated a loss in the amount of \$5,065. Because the service presently being provided is at a minimum and because the adult fare charged is 30 cents, it is the opinion of applicants that no additional reductions in loss can be achieved by further reducing service or by increasing fares.

According to applicants' general manager, attempts have been made, since 1958, without success, to interest Redwood City in a subsidy arrangement similar to that which presently exists between applicants and Palo Alto for the urban operations conducted by applicants within the Palo Alto area. In 1964 a Citizens Transportation Committee reported to the City Council of Redwood City that the city would have to either establish a municipal bus system or subsidize a private firm. On September 21, 1967, the City Council of Redwood City introduced an ordinance appropriating \$100,000 for the purpose of instituting a municipal bus service. On the same date the City Council passed a resolution approving specifications and bid documents for six transit buses.

According to the City Manager of Redwood City, the city will not be able to commence operations until April 30, 1968, and it is the request of the city that applicants be required to provide service until such time. He testified that the city would be willing to subsidize applicants to the extent of \$1,800 if they will continue service until April 1968. The \$1,800 amount represents one-half of applicants' system-wide loss suffered in 1966 for both certificated

and chartered operations. The offer is unacceptable to applicants who insist that they should not be expected to financially accommodate the city during this period, particularly when the city has been aware of applicants' financial difficulties within the area since 1958 and has refused to take any action until the filing of the instant application. However, applicants did indicate a willingness to continue service for another six months if the city will underwrite the financial loss, which they estimate will amount to \$1,000 a month for the next three months and \$1,200 a month thereafter. It is expected that new wage negotiations will result in an additional monthly loss of \$200 commencing January 1968.

Several public witnesses testified in opposition to the proposed discontinuance of service. One individual testified that the senior citizens, who are without private means of transportation, would be left completely stranded if applicants discontinued their service before the inauguration of service by the city. Another witness introduced a petition signed by a number of individuals who would be adversely affected by a discontinuance of service. A representative of the Redwood City Chamber of Commerce testified that the Chamber endorses the position of the city.

After consideration, the Commission finds that:

1. Applicants are presently and for some time past have been providing passenger stage service within the Redwood City area at a financial loss.
2. Redwood City is presently in the process of instituting a municipally owned bus system.
3. Because of the time required to purchase bus equipment, which must be made subject to public bid, Redwood City cannot inaugurate service until April 30, 1968.

4. Redwood City is willing to subsidize applicants to the extent of \$1,800 if applicants will continue service until April 30, 1968.

5. Applicants are willing to continue service only in the event that Redwood City agrees to pay the actual loss which would result from the Redwood City operation during said period.

Conclusion

The record demonstrates that applicants have been operating their Redwood City Division at a loss for a considerable length of time and the city has been fully aware of such situation. The record also demonstrates that applicants' overall passenger stage operations have been conducted at a financial loss.

Under the circumstances, the Commission cannot legally, nor in good conscience, require applicants to continue operating at a loss within the area herein considered.

The Commission therefore concludes that applicants should be authorized to discontinue service unless a suitable subsidization agreement can be reached, in which event service may be continued to and including April 30, 1968.

O R D E R

IT IS ORDERED that:

1. On or after January 1, 1968 and on not less than ten days' notice to the Commission and the public Evelyn M. Bako, formerly Evelyn M. Knapp, and John P. Demeter, copartners, doing business as Peninsula Transit Lines, may discontinue passenger stage service over Routes Nos. A, B, C, E and F, in the Redwood City Division, unless applicants and Redwood City execute a subsidization agreement relating to said operations, in which event the date upon which applicants may discontinue service is extended to April 30, 1968. ✓

2. If an agreement is entered into between applicants and Redwood City a copy thereof shall be filed in this proceeding within five days after execution.

3. On not earlier than ten days prior to the discontinuance of service as authorized in ordering paragraph 1 hereof, and upon at least ten days' notice to the Commission and the public, applicants shall amend their tariff and timetables presently on file with this Commission to reflect the authority herein granted.

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

Dated at San Francisco, California, this 14th day of NOVEMBER, 1967.

D. A. Mitchell
President

William B. Bennett

Augustus

William Lyons Jr.

Neal P. Morrison
Commissioners