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Decision No. 14103

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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ORIGINAL

In the Matter of the Application of
VISALIA ELECTRIC RAILROAD COMPANY,
a corporation, to discontinue its
passenger service.

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:Application No. 10451
)

Power & McFadzean by Daniel McFadzean
For Applicant.

Frank Lamberson for Woodlake Board of Trade,
Protestant.

Earl A. Bagby for Al. . Askin Stage Company and
Sequoia National Park Stage Company.

BY THE COMMISSION:

O P I N I O N

Visalia Electric Railroad Company, a corporation, has petitioned the Railroad Commission for an order authorizing the entire discontinuance of passenger service over its line of railroad.

A public hearing on this application was conducted by Examiner Handford at Visalia at which time the matter was duly submitted for decision.

Applicant alleges that it has heretofore operated passenger train service between Visalia, Woodlake and Elderwood via Exeter and Lemon Cove, all in Tulare County; that the revenue derived from the operation of such passenger service is insufficient to pay the operating costs of such service; that the actual loss to the applicant for more than two and one-half years last past has been in excess of \$50,000.00

per annum; that the applicant's line of railroad is short and does not exceed twenty-six miles in length; that the line is in constant competition with privately owned automobiles and that there is no prospect that the passenger service over the line will ever increase.

Witnesses for applicant testified as to the character of operation that had been given since passenger business was first inaugurated and that the operating revenues had never equalled the cost of service; that reductions in scheduled service or increases in rates as granted by the United States Railroad Administration during the world war period had both failed to return revenue approximating the operating cost.

Statements filed by applicant as exhibits at the hearing show the following results from passenger operation for the periods named:

	<u>Year Ending Dec. 31, 1922</u>	<u>Year ending Dec. 31, 1923</u>	<u>Six Months end- ing June 30, 1924</u>
PASSENGER REVENUE			
From Transporta-			
tion	\$16782.32	\$14998.51	\$5179.48
From Other Opera-			
tion	365.40	382.73	195.14
Total	<u>17147.72</u>	<u>15381.24</u>	<u>5374.62</u>
Operating Cost	<u>70427.46</u>	<u>65798.75</u>	<u>35273.08</u>
Deficit	\$ 53279.74	\$ 50417.51	\$ 29898.46

The detail of the statements from which the above recapitulation was compiled show that all items which could be directly allocated to the passenger business have been so charged and as to items common to both passenger and freight business that a segregation has been made wherever possible on a car mile basis. The segregation of expense as to items

not directly chargeable to passenger service has been made on an arbitrary basis but in accordance with established practice.

The revenue from passenger business, as shown by a graphic chart filed by the applicant at the hearing, has decreased almost uniformly from a total of approximately \$54,000.00 in the year 1912 to a total of approximately \$15,000.00 in the year 1923. The decrease in revenue is attributed by the General Manager of applicant company to have been caused almost entirely by the constantly increasing use of privately owned automobiles there being no automobile stage competition excepting between Visalia and Exeter and such competition not being intensive as regards the local business between such points.

The general financial condition of the applicant is not good, the annual report for the year ending December 31, 1923 as filed with this Commission showing an accumulated deficit of \$1,679,469.51.

The granting of the application is protested by the residents of Woodlake principally on the basis of the inconvenience that will be caused such community by interference with the handling of United States Mail. The discontinuance of passenger service will undoubtedly result in the Postoffice Department making other arrangements for the carriage of the mail and parcel post and the handling of such mail matter is one over which this Commission has no authority or jurisdiction. The limited amount of passenger business heretofore accruing to the applicant's railroad from this community or from the entire territory served does not justify a continuance of the service which has resulted in the very considerable and rapidly increasing deficit.

After full consideration of all the evidence and exhibits as presented in this proceeding we are of the opinion and hereby find as a fact that the continued operation of passenger service on the lines of the applicant is not justified nor does the public convenience and necessity require such continued operation it being apparent that the cost of passenger train service far exceeds the revenue derived therefrom and there being no present or future prospect of any additional traffic which might be developed to an extent justifying the cost of operation.

ORDER

A public hearing having been held in the above entitled proceeding the matter having been duly submitted and the Commission being now fully advised and basing its order on the finding of fact as appearing in the opinion which precedes this order,

IT IS HEREBY ORDERED that applicant, Visalia Electric Railroad Company, a corporation, be and the same hereby is authorized to discontinue passenger train service on its line of railroad upon the following conditions:

1. Applicant is hereby required to post notice of the date of the discontinuance of passenger train service in all its cars and at all stations and stopping points where passengers have heretofore been received on and discharged from its trains, such notices to be posted at least ten (10) days prior to the date of discontinuance of passenger train service.

2. Applicant is hereby further required to cancel all passenger and baggage tariffs and all rules and regulations governing same, as heretofore filed with this Commission; all cancellations to be made

in accordance with the regulations of this Commission and to be effective co-incident with the date of the discontinuance of passenger train service as hereinabove authorized.

Dated at San Francisco, California, this 9th day of
October, 1924.

C. L. Seaver

H. K. Brundage

Dwight Martin

F. L. Whittle

Commissioners