

ORIGINAL

Decision No. 16487

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
NEVADA COUNTY NARROW GAUGE RAILROAD)
COMPANY for a certificate that public)
convenience and necessity will permit) Application No. 11586
the abandonment of its railroad oper-)
ating between Colfax and Nevada City,)
California.)

Jesse H. Steinhart, for applicant.
Lynne Kelly for City of Grass Valley, Protestant,
W. E. Wright for Board of Supervisors of Nevada
County; Nevada City Chamber of Commerce; and
Nevada City Trustees; Protestants.

BY THE COMMISSION -

O P I N I O N

Nevada County Narrow Gauge Railroad Company, a corporation, has petitioned the Railroad Commission for an order authorizing the abandonment of its narrow gauge steam railroad operated between Colfax and Nevada City, all in the State of California, alleging that the revenue received from the operation of said railroad has not been and will not be sufficient to defray the expense of such operation.

A public hearing on this application was conducted by Examiner Handford at Grass Valley, the matter was thereafter duly submitted and is now ready for decision.

The historical record of applicant corporation has heretofore been reviewed by this Commission in its Decision No. 1384 in Case No. 178, as decided March 30, 1914. (C.R.C. Decisions, Volume 4, Page 551 et seq.). The following description of the territory through which the line operates has been abstracted from the above quoted decision in that it still reflects existing conditions:

"The entire mileage lies in semi-mountainous and generally wooded country. The timber today is practically all second growth. Originally the entire territory traversed by the road was a productive mining region, but at the present time most of the mines around Grass Valley and Nevada City are shut down or abandoned on account of the exhaustion of paying ore or because of the operation of the anti-debris law. Agricultural development and consequent advance in real estate values have been quite perceptible recently, and there are to be found today along the right of way numerous meadows and pasture lands, and many cleared areas, with dwellings and small orchards, and occasionally a small tract of hay or garden land."

Mr. E. A. Mitchell, President of applicant corporation, testified as to the results of operation and the present financial condition of the company. The following ^{are} abstracts from exhibits filed -

OPERATING REVENUE

<u>Year</u>	<u>Freight Revenue</u>	<u>Passenger Revenue</u>	<u>Other Transportation Revenue</u>	<u>Non-Transportation Revenue</u>	<u>Total</u>
1915	75719.83	56743.42	7747.43	1394.80	141605.48
1916	72052.61	52009.42	8043.15	3753.56	135858.74
1917	68688.37	48932.37	7923.62	3359.78	128904.14
1918	64080.48	43211.93	7189.10	2944.13	117425.64
1919	65407.66	44154.31	8595.18	2266.11	120423.26
1920	61990.93	42668.78	8916.78	2256.49	115832.51
1921	68865.13	39150.92	11429.40	2579.00	122024.45
1922	82074.52	39992.33	12573.71	3105.76	137746.32
1923	72865.61	28340.20	8893.23	2686.16	112785.20
1924	57345.07	18808.16	9582.23	1820.96	87556.42
1925	25063.83	8308.82	5904.03	1059.73	40336.41
(to (July (31st)					

<u>Year</u>	<u>Operating Expenses</u>	<u>Net Operating Revenue</u>	<u>Miscellaneous Income</u>	<u>Gross Income Less Operating Expenses</u>	<u>Deduction from gross income</u>
1915	94090.26	47515.22	796.07	48311.29	25499.14
1916	93485.88	42372.86	1055.38	43428.24	20683.05
1917	96741.30	32162.84	818.97	32981.81	18677.75
1918	90355.06	27070.58	2268.55	29339.13	17892.42
1919	94259.49	26163.77	878.74	27042.51	16865.20
1920	105061.65	10770.86	1147.47	11918.33	16540.42
1921	105085.30	16939.15	2033.85	18973.00	16593.28
1922	109157.31	28589.01	2043.82	30632.83	19897.89
1923	97728.41	15056.79	2078.05	17134.84	18165.13
1924	88991.52	1435.10*	9822.45	8387.35	16117.94
1925	52570.49	12234.08*	521.64	11712.44*	7917.11
(to (July (31st)					

* Indicates Deficit.

Surplus Year

1915	22812.15
1916	22745.19
1917	14304.06
1918	11446.71
1919	10177.31
1920	4622.09*

Surplus Year

1921	2379.72
1922	10734.94
1923	1030.29*
1924	7730.59*
1925	19629.55*
(to July 31st)	

It appears from the record that the passenger business has steadily declined due principally to the privately owned automobile, the improved highways, and the service rendered by a competing stage line.

The freight revenue shows a steady decrease with the exception of the years 1922 and 1923 when large quantities of rock and other road material were transported for highway construction. There appears no prospect of increased freight traffic in a sufficient volume to offset the gradually increasing deficit and to properly care for operating expenses, taxes and depreciation or to make any return on the value of the investment.

The granting of the application is protested by the City of Grass Valley, the Board of Supervisors of Nevada County, the Nevada City Chamber of Commerce, and the Board of Trustees of Nevada City.

The testimony of witnesses called in protest was directed to the anticipated condition resulting from a discontinuance of railroad operation by applicant but it appears that shippers and receivers have almost universally patronized trucks in the handling of less than carload freight business and in some instances in the transportation of carload shipments from the Southern Pacific stations of Colfax and Auburn. While it is true that a transfer of shipments is necessary from the standard gauge cars of the Southern Pacific Company at Colfax to the narrow gauge equipment of the applicant, there appears to have been no material advantage accruing to shippers and consignees by reason of the diversion of business from the line of the applicant other than such as might have been present by reason of lower rates offered by unauthorized truck operators.

The City of Grass Valley and the Grass Valley Chamber of Commerce filed formal protests against the granting of the application.

After full consideration of the evidence and the exhibits herein, we are of the opinion and hereby find as a fact that public convenience and necessity do not require the continued operation of the railroad of applicant. The record shows that the revenue derived from operation is less than the expense of maintenance and operation, taxes, and depreciation and insufficient to produce a reasonable return on the investment. There is no evidence indicating that the volume of traffic will or can be increased to an extent which will result in revenue sufficient to defray the expense of maintenance and operation, to care for the items of depreciation and taxes, and to return a reasonable interest on the investment.

O R D E R

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, Nevada County Narrow Gauge Railroad Company, a corporation, be and the same hereby is authorized to discontinue operation of its railroad as a common carrier, as such term is defined in paragraph "L" of Section 1 of the Public Utilities Act (California Statutes of 1915, Chapter 91, and effective amendments thereto); provided, however, that this order shall not become effective until ten (10) days after the filing by applicant with this Commission of a certified copy of an order or other appropriate authorization of the Interstate Commerce Commission assenting to the discontinuance of service as an interstate carrier, and an affidavit as to the posting at all stations on the line of applicant's railroad of a notice of the date upon which operation as a common carrier is to be discontinued, the posting

being hereby required to be made at least ten (10) days prior to the discontinuance of operation as a common carrier as herein authorized.

Dated at San Francisco, California, this 16th day of April, 1926.

H. B. Brundage

C. L. Seamy

Leon Whitell

COMMISSIONERS.