

Decision No. 10 644

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
SACRAMENTO NORTHERN RAILROAD, a
corporation, for order authorizing it
to discontinue street car service
between Front and M Streets in the City
of Sacramento, and West Sacramento,
Yolo County.

Application

No 7615

ORIGINAL

Charles R. Detrick and Heller, Ehrman,
White and McAnliffe, by Chas. R. Detrick for
Applicant.

R. L. Shinn, City Attorney, for City of
Sacramento, - Protestant.

Charles W. Slack and Edgar T. Zook, by Edgar
T. Zook, for West Sacramento Company, Protestant.
Fred Shaffer for Yolo County Board of Trade,
Protestant.

BY THE COMMISSION:

O-P-I-N-I-O-N.

In the above entitled proceeding Sacramento Northern
Railroad, a corporation, petitions for an order of the Railroad
Commission authorizing the discontinuance of street car service
now operated between Front and M Streets in the City of Sacramento
and Headquarters Station, West Sacramento, Yolo County.

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

The service, discontinuance of which is herein sought,
was originally instituted on December 7, 1913, by the Northern
Electric Railway Company under an arrangement whereby the West
Sacramento Company was to defray the cost of operation and said
West Sacramento Company was to be allowed a credit for any revenue

derived from such operation. The arrangement was continued for a period of ten months during which time bills rendered were paid as accruing, but following such time, although the service was continued in accordance with the understanding, the bills therefor were not paid and an amount of \$8,200. accrued. During the receivership of the Northern Electric Railway the Receiver authorized a reduction in the amount of the accrued bills by eliminating some of the items previously agreed upon thereby reducing the charge from \$8,200. to \$3,000. At the time of the purchase of the West Side Railroad (a subsidiary corporation of the West Sacramento Company) by the Sacramento Northern Railroad a settlement was arrived at as regards the outstanding bills for deficits accruing from operation of the street car line by a deduction from the purchase price. Since November 1, 1920, the operation has been continued and monthly bills have been rendered against the West Sacramento Company, none of which have been paid, and the uncollected amount totaled \$7,685.57 as of February 1, 1922.

The service which has been rendered under the arrangement above referred to consists of a half hourly schedule commencing at 6:15 A.M. from Eighth and J Streets, Sacramento, and continuing until 9:15 P.M. a total of thirty-one round trips. The total revenue derived from this service for the period from November 20th to January 22nd, inclusive, was \$3,352.65. The expense of operation during the same period was \$13,905.92 leaving an operating deficit of \$10,553.27. The Sacramento Northern Railroad has continued the rendering of bills on the basis previously authorized by the Receiver of the Northern Electric Railway Company, which arrangement eliminated some of the items of

expense originally agreed upon and instead of rendering bills for the entire operating deficit of \$10,552.27. the bills for the period under discussion have aggregated the sum of \$7,685.57 indicating an absorption by the Sacramento Northern Railroad of operating cost items in amount \$2,867.70 for the period under discussion.

The granting of this application is opposed by residents and property owners of West Sacramento, the City of Sacramento, by its attorney, by the Board of Supervisors of the County of Yolo and by the West Sacramento Company.

Formal protests signed by one hundred one residents of West Sacramento were filed in this proceeding and a resolution of the Board of Supervisors of Yolo County as adopted on March 20, 1922.

The West Sacramento Company, through its attorney, also protests the granting of the application although admitting that his company is not in a position to pay the outstanding indebtedness which was agreed upon in consideration of the street car service being furnished.

The service which has been rendered was in compliance with an arrangement entered into in good faith between the Northern Electric Railway Company, predecessor in interest to applicant herein, and the West Sacramento Company, and was intended to furnish a street car service enabling residents of West Sacramento to have access to the City of Sacramento and any deficits in operation were to be met, under the arrangement above referred to, by the West Sacramento Company. The record in this proceeding shows that, with the exception of the settlement arrived at at the time of the purchase by the applicant of the West Side Rail-

road, that no payments have been made for the service furnished, and at the time of the settlement a considerable reduction in the charges then accrued was made. Since November 1920, the operation has been continued at an average monthly deficit of approximately \$ 927.00. In addition to the direct operating cost herein referred to there are other elements to be considered which burden the applicant carrier and which cannot be directly accounted for as to unnecessary expense incurred. These items consist of interference with the freight business of applicant in connection with switching movements in the vicinity of Front and M Streets, Sacramento, with the movements over the M Street Bridge, which is used jointly by the Sacramento-San Francisco Railroad and the Woodland Branch of applicant company, and with the operation of the draw-bridge at the foot of M Street, Sacramento. Applicant herein is entitled to at least an amount which will defray the out-of-pocket operating cost required to meet the expense of conducting the service herein sought to be abandoned and is further entitled to a reasonable return on the investment necessary to provide the particular service herein considered. It is obvious from the record in this proceeding that it is impossible to continue the operation without a very considerable monthly deficit and such deficit has been accumulating. Protestant, West Sacramento Company, offers no solution of the problem in that it has frankly stated, through its attorney, its inability to meet the present accrued bills and the expense of operation which would accumulate in future. This is not a matter in which any adjustment or increase in rates would offer a solution of the transportation problem as any rate which would be assessed in volume sufficient to meet cost of operation would be prohibitive.

After careful consideration of all the evidence in this proceeding we are of the opinion and hereby find as a fact that the further operation of the street car service of applicant herein between Front and M Streets, Sacramento, and Headquarters Station in Yolo County is not justified by the public convenience and necessity in that the revenue from such operation does not in any manner meet the bare operating costs thereof nor allow any return on the investment in property used and useful in the operation of such street car service.

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 fully now advised and basing its order on the finding of fact as appearing in the opinion preceding this order,

IT IS HEREBY ORDERED that applicant herein be and the same hereby is authorized to suspend operation of a street car service between Front and M Streets, Sacramento, and Headquarters Station in Yolo County, such suspension of operation to be effective after one day's notice will have been given the traveling public by posting notices in its cars operated between points above mentioned.

The Commission reserves the right to make such other and further orders in this proceeding as to it may appear necessary or in the interest of the public.

Dated at San Francisco, California, this 1st day of July 1922.

H. R. ...
Dwight Martin

J. F. ...
Commissioners.