

**BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of G. A. Reichman for certificate of public convenience and necessity to extend present freight and passenger service now operating between Yreka and Etna and intermediate points, extension to be from a point about  $1\frac{1}{2}$  miles south of Yreka to Grenada.

**ORIGINAL**

Application No. 8120

In the Matter of the Application of  
Grenada Warehouse and Trucking Com-  
pany for certificate of public con-  
venience and necessity to operate  
freight and express between Grenada,  
Fort Jones, Greenview and Etna Mills,  
California.

Application No.8221

James M. Allen, for applicant in Application 8120;  
protestant in Application 8321.

B. K. Collier, for applicant in Application 8221;  
protestant in Application 8120.

R. S. Taylor, for Yreka R.R., protestant in both applications.

BY THE COMMISSION -

## O P I N I O N

These two petitions, involving applications for certificates of public convenience and necessity to operate automobile common carrier service between Grenada and Etna Mills, and the intermediate points, presenting similar situations were, by stipulation, consolidated for a joint hearing, opinion and order.

A public hearing was held on October 11, 1932, at Yreka, before Examiner Geary and the applications having been duly submitted are now ready for a decision.

Application No. 8120, dated July 27, 1922, filed by G. A. Reichman, seeks authority to extend the present freight and passenger service now operating between Yreka and Etna Mills to Grenada. The proposed additional service diverges from the highway at a point approximately 1½ miles south of Yreka, where

the main highway of Grenada leaves applicant's present route. The distance between Grenada and the junction point is approximately 9 miles. Applicant proposed to render a weekly service at the schedules of freight and passenger rates as set out in exhibits attached to and made part of the application.

Application No. 8221 of John F. Stallcup and Edward Axtell, partners in business under the name of the Grenada Warehouse and Trucking Company, was filed September 1, 1922. The application, however, was signed only by one of the partners, John F. Stallcup. Applicant proposes to establish an entirely new service carrying only freight and express between Grenada and Etna Mills and the intermediate points, as per the schedules of rates attached to and made a part of the application. The service contemplated to be twice a week, on Tuesdays and Fridays.

The records of the Commission show that the service of G. A. Reichman, between Yreka and Etna Mills, was established prior to the enactment of Chapter 213, Statutes 1917, and the testimony given by Mr. Reichman was to the effect that he has been in the transportation business for more than twenty years; that he is equipped with a number of automobiles, having a total carrying capacity of 12 tons; that he has horses and wagons for use during the winter months when automotive transportation is impracticable; also that the service to be established would not require additional equipment, for the trucks now in use would take care of the new business.

In the opinion of witness Reichman, 95 per cent of the freight destined to Etna Mills and the other points in Scott Valley, south of Yreka, would be diverted and instead of moving through Montague to Yreka in connection with the Yreka Railroad, would pass through Grenada, thence to destination direct on the auto trucks, thus depriving the Yreka Railroad of the traffic now moving via the Montague gateway.

Applicant John F. Stallcup testified that he had been located at Grenada for about two years engaged principally in the transportation, warehouse and lumber business; that he operates a warehouse 50 x 80 feet; has a certain amount of automobile equipment and would use the warehouse property as a depot for the receipt and delivery of freight.

The service proposed by Stallcup from Grenada would duplicate that now being given by Reichman from Yreka, in so far as the through traffic now moving via Montague is concerned.

The testimony of the numerous witnesses in both proceedings was in no manner conclusive as to any real public necessity for the proposed service, although this additional operation would be a public convenience. There is no definite testimony, other than that given by applicant Reichman, indicating the amount of freight tonnage, either local or through, which would be developed via the Grenada gateway.

The annual reports for 1920 and 1921 filed with this Commission by G. A. Reichman, the petitioner in Application 8120, indicate that his operations between Yreka and Aetna Mills have not been financially successful. These reports show that the U. S. Mail is of the greatest importance and that the income from this source in the year 1920 was \$5,331.44 out of a total gross revenue of \$8,580.17. For the year 1921 the mail business paid \$6,260.44 of the total gross revenue of \$9,523.81. The total freight business in 1920 was \$2,282.85 and in 1921 was \$1,889.46. These figures clearly demonstrate that if a new competitive route were established from Grenada, there must of necessity be a very large increase in the tonnage in order to make the venture possible. Certainly if two operating units were to cover the territory where one is not now meeting with financial success, the public would suffer from poor service or a total suspension of the service.

In denying Application No.8079, Decision No.11156, October 23, 1922, H. Gallerson and J. B. Barnett, for a certificate to operate passenger service between Yreka and Weed, we used the following language:

"The testimony of the President of the Yreka Railroad Company was to the effect that his company maintains operations under great difficulty and that if any marked reduction occurs in the revenue, the line must sooner or later discontinue service entirely. The annual report of the company on file with the Commission for the year ending December 31, 1921, shows operating revenue \$21,580.54; railway operating expenses \$22,830.44; deficit from railway operation \$1,249.90; railway tax accruals \$1,598.74, showing a railway operating deficit for the twelve months period of \$2,848.64. If the revenue of the company does not increase in the near future this deficit must of necessity be met by the stockholders through assessments.

In Decision No.7248, Application No.4513, March 11, 1920, F.F. Hoffman and A. J. Christopher for certificates of public convenience and necessity to operate a passenger line between Yreka and Montague, (17. C.R.C. 892) the Commission employed the following language:

"Undoubtedly an overwhelming percentage of the traveling public prefers the automobile to other means of transportation available in rural districts, and the present instance is no exception, as the marked decrease in passenger revenue of the Yreka Railroad Company since the advent of automobiles abundantly shows, being a drop from \$16,175.75 in 1912 to \$3,851.68 in 1918, or about 76 per cent in six years.

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What the lapse of a few years will mean to these communities in the way of transportation rests largely with the population affected. However, the weight of testimony in this proceeding indicates that the public convenience, considering the transportation problem as a unit, is now being handled in a fairly satisfactory manner. The establishment of an additional passenger transportation line, although it would probably serve a limited public convenience, is not a necessity at the present time and would doubtless reduce passenger travel by rail to a minimum. The railroad company affirms that as a result of such reduced passenger patronage its entire operation would have to cease."

Yreka is the county seat of Siskiyou county, has a population of approximately 2000 and is to a great extent dependent upon the Yreka Railroad. The railroad is continuing the Montague-Yreka service under most difficult financial conditions and the granting of these applications might prove disastrous to its future operations.

In reaching a conclusion in a situation of this kind it is incumbent upon the Commission to give consideration to all of the elements and factors involved and the testimony, in the instant proceedings, does not prove or show any real public necessity for a service through Grenada to Etna Mills which is not now being rendered by the present operations through Montague and Yreka.

The granting of certificates to these applicants would result in a convenience to only a limited number of shippers to the injury of many.

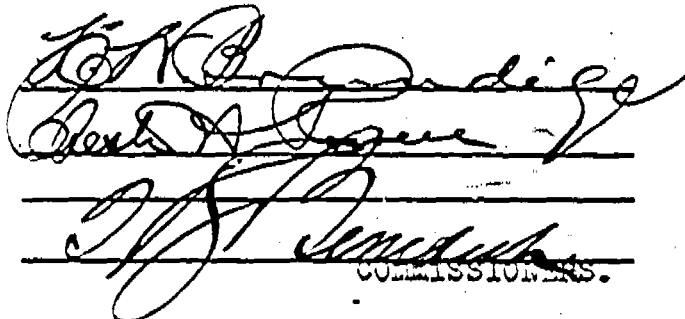
We find as a fact that there is no public convenience and necessity for the operation of automobile service between Grenada and Etna Mills and that the applications should be denied.

#### O R D E R

A public hearing in the foregoing proceedings having been held, and it appearing to the Commission that public convenience and necessity do not require the inauguration of the proposed automobile services between Grenada and Etna Mills by either G. A. Reichman in Application No. 8120, nor by John F. Stallcap in Application No. 8221,

IT IS HEREBY ORDERED that these applications be and the same are hereby denied.

Dated at San Francisco, California, this 6<sup>th</sup> day of November, 1922.

  
COMMISSIONERS.