

DECISION NO _____

ORIGINAL

Decision No. 2243

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of CENTRAL CALIFORNIA TRACTION COMPANY and STOCKTON ELECTRIC RAILROAD COMPANY for approval of a certain agreement, also for the abandonment of certain portions of the street railway system in the City of Stockton and the cancellation of certain passenger rates.)

Application No. 1470

Geo. A. Ditz, for protestants south of Center Street both sides of McKinley Avenue.

Chas. Light, for protestants from Sunnyside.

Otto Von Dettern and Irving Martin, for Security Building and Loan Association.

Guy C. Earl and Chaffee E. Hall, for applicants.

L. S. Woodruff, for certain church interests in Sunnyside.

DEVLIN and GORDON, Commissioners:

O P I N I O N

This is an application filed jointly by the Central California Traction Company and the Stockton Electric Railroad Company for permission to lease certain portions of the street railway system of the applicant, Central California Traction Company, to the Stockton Electric Railroad Company; also for permission to abandon and remove certain portions of the line and for the cancellation of a rate of \$1.00 for twenty-six rides upon the street railway lines of the Central California Traction Company within the City of Stockton.

The Stockton Electric Railroad Company has for many years been operating a street railway system in the City of Stockton and some years ago when the Central California Traction Company constructed an interurban line between the City of Sacra-

ments and the City of Stockton it constructed in connection with its interurban system a street railway system on certain streets in the City of Stockton. This street railway system generally paralleled and came into direct competition with the lines of the Stockton Electric Railroad.

The operation of two street railway systems within the City of Stockton is alleged by the applicant, Central California Traction Company, to have been extremely unprofitable, and it is now desired to lease to the Stockton Electric Railroad Company such portions of its city lines as can be used to advantage by the Stockton Electric Railroad Company and abandon and tear up the remainder.

The Stockton Electric Railroad Company proposes to pay for the lease of the lines over which operations will continue the sum of \$12,500.00 per annum for the first three years and \$15,000.00 per annum for the remaining period of the lease, which is to run from January 1, 1915, to January 1, 1953.

By the terms of the agreement which is submitted to the Commission for approval, the Stockton Electric Railroad will take over under lease and operate as part of its system a double track line on Center Street running north from South Street to Weber Avenue and the lines along Weber Avenue with diverging branches on Aurora Street as far as Park Street and on Pilgrim Street as far south as Taylor Street. It is also proposed to continue in operation the branch on Vine Street from El Dorado Street to Madison Street connecting the same with the present street railway tracks of the Stockton Electric Railroad at the corner of El Dorado and Vine Streets.

It is proposed to abandon and remove the tracks presently in operation on Vine Street from the corner of El Dorado Street thence easterly to San Joaquin Street and southerly to Weber Avenue, the traffic of this line to be either handled on the El Dorado Street line or the California Street line of the Stockton Electric Railroad.

It is further proposed to abandon the present line of the Central California Traction Company south of South Street along what is known as McKinley Avenue to its intersection with Eighth Street thence easterly along Eighth Street to its intersection with San Joaquin Street.

It is further proposed to abandon that portion of the Central California Traction Company's street railway system extending easterly along Park Street from the corner of Aurora to Union Street.

The applicant further desires to continue the operation of the line east of Union Street on Park Street and along Cherokee Lane for freight service only.

Various protestants were present at the hearing of this application in Stockton and set forth in detail their objections for the abandonment of service, and it is sufficient to say that these objections were principally confined to the abandonment of service on McKinley Avenue south of South Street to what is known as the Mineral Baths and the discontinuance of passenger service on the Cherokee Lane line.

No protests were received concerning the abandonment of the line on San Joaquin Street north from Weber Avenue. The objection to the abandonment of the line for two blocks on Park Street running east from Aurora Street to Union Street was concerned only in the fact that this piece of track is necessary to give an outlet for the Cherokee Lane line and if suitable connections were made with the Cherokee Lane line at any other point the objection to the removal of the track on Park Street is of little moment.

In its petition the applicant, Central California Traction Company, maintains that the value of the line to be leased to the Stockton Electric Railroad is \$134,000.00 and the present value of the line proposed to be abandoned is approximately \$53,000.00.

The principal contention of the applicant, Central California Traction Company, is that the maintenance and operation of its present street railway system in the City of Stockton is a useless and unnecessary duplication of service and that the same is operated at a heavy loss. The testimony introduced by the applicant, Central California Traction Company, tended to show that its street car lines in the city were, as a fact, operated at a loss and that the service maintained by its lines was vastly inferior to that of the Stockton Electric Railroad.

Much testimony was given to demonstrate the fact that a consolidation with the Stockton Electric Railroad of such parts of the Central California Traction Company's street lines as it is proposed to keep in operation will greatly reduce the cost of operation and increase the efficiency of the service. It goes without saying, that the consolidation of these systems will reduce overhead expenses, power consumption and other items of expense which today are incurred by this apparently useless duplication of service.

The schedules of the Stockton Electric Railroad indicate that the service is much more frequent on that line than on the Central California Traction Company's lines, and with the taking over of that portion of the latter company's tracks which it is intended to continue in operation a service much superior to that given at present will be enjoyed by the public.

At present the Stockton Electric Railroad operates a line on El Dorado Street north from Weber Avenue and another on California Street north from Weber Avenue. The distance between El Dorado Street and California Street is four blocks and at present the Central California Traction Company operates on San Joaquin Street midway between the two lines of the Stockton Electric Railroad. With the abandonment of the line on San Joaquin Street patrons of the street car lines will have to walk, at most, two blocks to reach a line of the Stockton Electric Rail-

road. No protests were received against the abandonment of this line and the same received the approval of the city authorities of Stockton by appropriate resolution.

Under the circumstances, we are convinced that the abandonment of the line on San Joaquin Avenue north from Weber Avenue to Vine Street thence westerly to El Dorado Street will not operate to the disadvantage of the citizens of Stockton, and the same should be permitted.

Considerable protest was made concerning the abandonment of the line south of South Street along McKinley Avenue and easterly on Eighth Street from McKinley Avenue to San Joaquin Street; it is approximately two blocks from McKinley Avenue to San Joaquin Street. The present street car service of the Central California Traction Company is on a twenty minute headway while on the Stockton Electric Railroad on San Joaquin Street the cars are operated on a headway of seven and one-half minutes. The section tributary to the McKinley Avenue extension of the Central California Traction Company south of South Street is sparsely settled, there being approximately fifty houses in a distance of eight blocks which, at the most, would be located two blocks further distant from a street railway with the abandonment of the McKinley Avenue line of the Central California Traction Company than they are today.

The record clearly indicates that the patronage received by the Central California Traction Company from the operation of the McKinley Avenue line does not justify its continuance. It was pointed out that the great majority of people patronizing this line rode from and to the Mineral Baths at the terminus thereof and would be more adequately served by the San Joaquin Street line of the Stockton Electric Railroad.

It is not the desire of the Commission to deprive the people of the Mossdale tract and that territory now served by the McKinley Avenue line of adequate street car facilities but

it must be apparent that the line cannot continue operations under present conditions. The more frequent and reliable service on San Joaquin Street and the more frequent service on Center Street, which was assured by the General Manager of the Stockton Electric Railroad if that company is permitted to lease the Center Street line from the Central California Traction Company, together with the universal transfer system, more than compensates the residents tributary to the McKinley Avenue line for the discontinuance of service south of South Street. It is two blocks distant from McKinley Avenue to San Joaquin Street, and one of the principal reasons advanced by protestants against the abandonment of service on McKinley Avenue south of South Street was that roads were impassable and that there were no sidewalks which could be used by pedestrians on San Joaquin Street car line. The General Manager of the Stockton Electric Railroad stated that his company was willing to build a board walk between San Joaquin Street and McKinley Avenue so as to make it more convenient for pedestrians. A walk of two blocks to a street car line does not appear to us to impose any particular hardship on the citizens of any district.

No protest was received against the abandonment of the track of the Central California Traction Company on San Joaquin Street north from Weber Avenue, which will require citizens to walk two blocks either to California Street or El Dorado Street. Of course, the streets in this section of the city are perhaps in better condition than they are from McKinley Avenue to San Joaquin Street in the vicinity of the Mossdale tract, but the railroad company is not responsible for this condition and doubtless the city authorities can be prevailed upon to make the necessary improvements so that it will be no more burdensome to reach the car line in the vicinity of the Mossdale tract than it is north of Weber Avenue.

Considering this feature of the application, we are of

the opinion that permission should be granted to discontinue and abandon the service on McKinley Avenue south of South Street and east of McKinley Avenue on Eighth Street to San Joaquin Street.

Substantial advantages will accrue to the citizens of Stockton by the establishment of a universal transfer system whereby passengers may ride for one fare of five cents between any points served by the Stockton Electric Railroad and points now reached by the Central California Traction Company on such of the lines as will remain in operation.

Considering now the abandonment of the line on Park Street from Aurora Street to Union Street and the discontinuance of passenger service on the Cherokee Lane line: It is necessary first to consider that portion of this line running along Cherokee Lane and serving what is known as the Sunnyside District. It is not proposed to abandon and tear up this piece of track but the applicant desires to discontinue passenger service thereon and restrict the same exclusively to freight service. Vigorous protest was entered against this feature of the application by many residents in the Sunnyside and adjoining districts who testified to the great injury which would result to their property should the passenger service be discontinued.

This situation differs radically from the abandonment of the lines on San Joaquin Street and on McKinley Avenue which, for reasons hereinbefore stated, will be reasonably cared for. The Sunnyside District will be left practically without any service whatever except an occasional interurban car running on an infrequent schedule between Sacramento and Stockton. Such a service would, in our opinion, be wholly inadequate. Considerable testimony was given relating to the cost of maintenance of this line, but it must be remembered that such maintenance charges will continue to be present as long as the line is operated for freight service. A number of witnesses testified that they had purchased property and erected homes on the faith of the continu-

ance of this service, and we are not willing to approve an application which will have the effect of not only depreciating the value of the property of the citizens of this section but also depriving them of any adequate service whatever. We are, therefore, of the opinion that no adequate reason was advanced why passenger service on the Cherokee Lane line should be discontinued.

It necessarily follows, therefore, that the abandonment of the line from Park Street at its intersection with Aurora Street to Union Street cannot be approved until such time as the applicant presents to the Commission a plan for the operation of through cars via some other of its lines in connection with the Cherokee Lane line.

The cancellation of the rate on file with the Commission providing for the sale of commutation books ^{good} for twenty-six trips for \$1.00 is, in our judgment, more than overcome by the universal transfer system, and we must bear in mind that not only has this proposed cancellation been approved by the city authorities of Stockton but also the entire plan for the leasing of the Central California Traction Company's city lines to the Stockton Electric Railroad and the abandonment of such lines as are proposed by the applicant.

In connection with the agreement whereby the Stockton Electric Railroad will operate certain portions of the street railway system of the Central California Traction Company, it must be borne in mind that the Tidewater Southern Railway, an inter-urban line running between Modesto and Stockton, uses the tracks of the Central California Traction Company as an entrance into the City of Stockton. The arrangement by which the Tidewater Southern Railway operates over the tracks of the Central California Traction Company expires in a short time and it is the understanding of the Commission that the Tidewater Southern Railway desires to renew the arrangement. It was testified to by

witnesses for the applicant, Central California Traction Company, that there was no objection to renewing this arrangement, but it must be remembered that if this agreement is approved the renewing of the lease will not rest with the Central California Traction Company but with the Stockton Electric Railroad, a subsidiary corporation of the Southern Pacific Company.

The arrangement by which the Tidewater Southern Railway is permitted to enter the City of Stockton is not only advantageous to that company but also to the entire community served by its lines between Stockton and Modesto, and incidentally to the citizens of Stockton, for the reason that it confines the operations of this line to streets already occupied and thereby concentrates the railroad traffic on certain streets instead of having it spread out over a number of streets.

The arrangement by which the Tidewater Southern Railway is permitted to enter Stockton over the tracks of the Central California Traction Company should be renewed on an equitable basis by the Stockton Electric Railroad, and such order as the Commission makes in this application should contain a condition that such an arrangement be entered into.

In connection with this application it developed that the interurban line of the Central California Traction Company between the City of Stockton and the City of Sacramento has been placed under the management of the General Manager of the Stockton Electric Railroad who acts in a similar capacity with reference to the Fresno Traction Company and the Visalia Electric Railway, all of which corporations are subsidiaries of the Southern Pacific Company. Naturally, should this agreement be approved, the present General Manager of the Stockton Electric Railroad would not only operate that property but such portions of the Central California Traction Company's street railway as are covered by the proposed lease, the entire property being hereafter known as the Stockton Electric Railroad, at least during the con-

tinuance of the lease.

The operation of the main line or interurban portion of the Central California Traction Company from Stockton to Sacramento is an entirely separate and distinct matter and in no way involved in the merits of the present application. The granting of the application, with such restrictions as the Commission deems necessary in public interest, does not in any way affect the operation of the interurban system between Stockton and Sacramento. That portion of the Central California Traction Company's lines, we understand and the testimony so indicates, will continue to be operated as heretofore, the only difference being that the General Manager of the street railway system in Stockton exercises like authority over the interurban operations.

It was vigorously denied by witnesses who are the principal stockholders in the Central California Traction Company that it was their intention to sell the line to the Southern Pacific Company or that any negotiations were pending and ^{stated} that the supervision of the main line operations exercised by the General Manager of the Stockton Electric Railroad were simply in the interest of economy. Messrs. Fleishhacker and Anderson testified positively that a sale or transfer of the interurban line of the Central California Traction Company to the Southern Pacific Company was not contemplated and that the management of the line by the General Manager of the Stockton Electric Railroad was not any part of a plan whereby the Southern Pacific Company would either obtain possession of the property or direct its policies.

We have no reason to doubt the sworn testimony of these witnesses. At the same time, it is well to call attention to the fact that this feature of the case presents a most unusual aspect. The Central California Traction Company is to all intents and purposes a competing line with the Southern Pacific Company's line running northerly from Stockton to Sacramento, and in places closely parallels it, and we have here a most remarkable

situation of a supposedly competing line being managed by an official of certain subsidiaries of its competitor. The competition may be either actual or fictitious but it has nothing to do with the merits of this particular application.

At the same time, it may be well to call attention of the officials of the Central California Traction Company and the Southern Pacific Company to the fact that the Commission does not look with favor upon any act which might be employed to evade the provision of section 51 of the Public Utilities Act. We cannot, therefore, assume that the applicants have any intention of evading that section of the Public Utilities Act above referred to.

We frankly concede that the operation of the street railway system in the City of Stockton has absolutely no bearing on the operation of the interurban line of the Central California Traction Company. Whatever may be the intentions of the owners of the Central California Traction Company so far as the interurban part of the line is concerned does not alter the situation with reference to the city lines operating wholly within the City of Stockton, and, while we discountenance any attempt to evade the provisions of the Public Utilities Act with reference to the interurban line, we see no reason why the motives behind the operation of the Central California Traction Company's interurban line should receive consideration in dealing with the local street railway situation within the City of Stockton. Should we consider at any future time that the Central California Traction Company's interurban line is being operated in violation of or in evasion of the Public Utilities Act, appropriate steps will be taken to enforce compliance with the Statute.

It is assumed, of course, that the Central California Traction Company has made proper arrangements and secured necessary permission from trustee for bondholders for the abandonment and removal of such portions of its line as it proposes to tear up.

We submit the following order:

O R D E R

Central California Traction Company and Stockton Electric Railroad Company having filed with this Commission an application for the approval of a certain agreement, also the abandonment of certain portions of the street railway system in the City of Stockton and the cancellation of certain passenger rates, and a regular hearing having been had and the Commission being apprised in the premises and basing its order on the findings appearing in the opinion which precedes this order.

IT IS HEREBY ORDERED:

1. That the proposed agreement calling for a lease to the Stockton Electric Railroad of certain portions of the street railway line of the Central California Traction Company within the City of Stockton be and the same is hereby approved.
2. The application to abandon and remove tracks of the Central California Traction Company presently in operation on Vine Street from the corner of El Dorado Street thence easterly to San Joaquin Street and southerly on San Joaquin Street to Weber Avenue be and the same is hereby granted.
3. The application to abandon tracks of the Central California Traction Company presently in operation on McKinley Avenue south of South Street to its intersection with Eighth Street thence easterly along Eighth Street to San Joaquin Street is hereby granted.
4. Application to abandon that portion of the tracks of the Central California Traction Company presently in operation on Park Street from Aurora Street to Union Street is hereby denied.

5. Application to discontinue the operation of passenger service on the line east of Union Street on Park Street and along Cherokee Lane is hereby denied.

6. Application to discontinue sale of twenty-six ride commutation tickets for \$1.00 is hereby granted.

7. That equitable arrangements for the joint use of tracks now used by the Tidewater Southern Railway and the Central California Traction Company be entered into for the continued joint use and operation of such tracks by the Tidewater Southern Railway and the Stockton Electric Railroad when it takes over the line of the Central California Traction Company.

8. That upon commencement of operations by the Stockton Electric Railroad of the property of the Central California Traction Company covered by this lease a universal transfer system be put in effect and operation.

9. That applicant, Stockton Electric Railroad, in accordance with promises made by its General Manager at the time of the hearing, construct between McKinley Avenue and San Joaquin Street along a cross street best calculated to suit the convenience of the citizens of the Mossdale tract, a substantial sidewalk.

10. That the applicant, Central California Traction Company, present to the Commission within twenty (20) days from date hereof satisfactory proof that suitable arrangements have been made with the trustee for bondholders consenting to the abandon-

ment and removal of the tracks hereinbefore mentioned in this order.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 18th day of March, 1915.

Max Thelen
Alvin G. ...
Edwin O. Edgerton
Frank R. ...

Commissioners.