

JWH

Decision No. _____

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Chamber of Commerce of the
city of Santa Cruz,
Complainant,

vs.

Southern Pacific Company,
Defendant.

Case No. 692.

Ralph H. Smith, for Complainant,
C. W. Durbrow, for Defendant.

LOVELAND, Commissioner:

O P I N I O N.

The complainant herein is a corporation duly organized and existing under the laws of the State of California for the purpose of advancing the welfare of the city of Santa Cruz. The complaint, filed October 5, 1914, alleges that defendant, Southern Pacific Company, charges excessive and unreasonable passenger fares between certain specified points. The allegations are:

(1) That the rate of 4-3/4 cents per mile between Los Gatos and Santa Cruz is excessive as compared with the rate of 3 cents per mile between Bakersfield and points in Southern California;

(2) That certain one-way and round-trip fares (as set forth in Schedule "A" attached to the complaint) from various points in the San Joaquin Valley to Santa Cruz are greater than the one-way and round-trip fares between the same points and Long Beach, although the mileage to Santa Cruz is less;

(3) That the round-trip summer excursion ticket of

\$4.00 sold during the period May to October each year from San Francisco to Santa Cruz is excessive as compared with the fare of \$3.50 for like transportation from San Francisco to Boulder Creek.

At the hearing the complaint was amended so as to include other one-way and round-trip fares from San Francisco and San Joaquin Valley points to Santa Cruz.

The defendant in its answer, filed December 14, 1914, denies that any of the passenger fares are excessive, unjust or discriminatory as against Santa Cruz, and sets forth the fact that the excursion fares complained of were established for the summer season of the year 1914, and are no longer in effect.

A tariff covering summer excursion fares is published each year independent of the previous season; and a witness for defendant testified that the summer excursion fares for the season of 1915, effective April 29, 1915, in Tariff No. 33, C.R.C. 2098, were constructed on a uniform basis of 20 per cent less than double the one-way fare for tickets having a 3-months' limit but not to exceed October 31st, sold any day between April 29th and October 25th, and 33-1/3 per cent less than double one-way fare for tickets with a limit of 15 days, sold on Saturdays only between May 1st and September 25th; and that there were no discriminations. While, no doubt, discriminations existed in certain summer excursion fares during the season of 1914, as alleged by complainant, those fares expired November 25, 1914. Therefore, it will not be necessary to analyze nor consider that part of Schedule "A" dealing with the alleged discriminations between points in the San Joaquin Valley and Santa Cruz, nor to make any further reference to the excursion fares from San Francisco to Santa Cruz and Boulder Creek.

The complainant introduced testimony and a number of exhibits tending to show principally that the one-way fare between San Francisco and Santa Cruz should not exceed \$1.90 and that round-trip fares should be based on this rate and reduced accordingly. The one-way fare of \$1.90 is arrived at by arbitrarily using as a factor a rate of \$1.25, San Francisco to Pollard Road, and adding to this another arbitrary of 65 cents, Pollard Road to Santa Cruz. It is contended by complainant that the fare from San Francisco to Pollard Road should be the same as the fare from San Francisco to San Jose, - this on the ground of equal mileage, the distance between San Francisco and Pollard Road via Mayfield being 46.9 miles, exactly the same as from San Francisco to San Jose via the main line; the one-way fare from San Francisco to Pollard Road is \$1.40, while to San Jose it is \$1.25. I do not agree with this contention, inasmuch as San Jose is a city of some 30,000 population located on the main line of the Southern Pacific, furnishes a heavy passenger traffic handled in part on through trains, and consequently may, without discrimination, enjoy a lower fare than Pollard Road, a flag station on the Santa Cruz branch via Mayfield. The other factor of the proposed fare, viz: 65 cents from Pollard Road to Santa Cruz, is secured by using rate of 2.2 cents per mile for the 28.6 miles, this being the rate per mile in effect San Jose to Monterey. The one-way fare San Jose to Monterey of \$1.75 applies either via Santa Cruz, 79.4 miles, or via Gilroy, 75.1 miles, the rate per mile via Santa Cruz being 2.2 cents per mile and via Gilroy 2.3 cents per mile.

It might be well to go into the history of the low rates from San Francisco and San Jose to Monterey, as complainant uses the rate per mile San Jose to Monterey in arriving at a fare from San Francisco to Santa Cruz. Testimony on this point is to the effect that originally the line through Newark, San

Jose and Los Gatos was owned by the South Pacific Coast Railway Company, and that company, having the direct route, a distance of approximately 76 miles, from San Francisco to Santa Cruz, first established a fare of \$3.00 between these points and a fare of \$1.75 between San Jose and Santa Cruz, a distance of 35.3 miles. The Southern Pacific Company, whose mileage was 45 miles greater from Third and Townsend Streets, San Francisco, via San Jose, Gilroy and Pajaro, met the fares of its short line competitor to Santa Cruz and, in addition, in an effort to hold the Monterey business, published the same fares from San Francisco and San Jose to Monterey, the distance via its line being practically the same San Francisco and San Jose to Monterey as to Santa Cruz, - in other words, the company having the longer and more circuitous route met the fares established by its short line competitor. Shortly after the South Pacific Coast Railway Company commenced operation, it reduced the San Francisco-Santa Cruz fare to \$2.80 and the San Jose-Santa Cruz fare to \$1.55, which reductions were met by the Southern Pacific Company from San Francisco and San Jose to Santa Cruz, but no further reductions were made in the fares to Monterey. It will thus be seen that the very low fares in effect from San Francisco and San Jose to Monterey were forced by competition and are not, by comparison, normal. When the Southern Pacific Company purchased the property of the South Pacific Coast Railway Company it did not increase the fares to Monterey and, therefore, that community still enjoys the low rates established when the two companies were in competition.

The line from Los Gatos to Santa Cruz is through a very mountainous country, the gradient varying from level to a maximum of 2.2 per cent per mile, and, in a distance of 25 miles, has 13 miles of curved track, many trestles, and six tunnels with a total length of 14,387 feet. In support of the claim of costly maintenance, a civil engineer for the Southern Pacific Company presented

figures to show that the sum of \$249,547.00 had been expended in reconstruction work between Wrights and Melton from September, 1907, to April, 1909, also that large amounts had been expended at other points. These figures may include some of the costs of rebuilding following the earthquake of 1906, however, they are illustrative of the expense entailed in keeping this stretch of track in operative condition. The annual reports of the South Pacific Coast Railway Company, which, because of an agreement entered into with the original owners, are kept separate and distinct from the accounts of the Southern Pacific Company, show deficits of \$176,959.67 and \$202,191.90 for the fiscal years of 1913 and 1914, respectively; and while it may be true that these deficits would not be so large were the South Pacific Coast Railway operated as an independent line, I am still impressed with the fact that the property standing alone would not show any extravagant earnings.

Regarding the complainant's contention that the rate of 4-3/4 cents per mile between Los Gatos and Santa Cruz is excessive as compared with the rate of 3 cents per mile between Bakersfield and points in Southern California, I am of the opinion that conditions are entirely dissimilar, for the reason that traffic between Bakersfield and Los Angeles is handled on through main line trains, while the Santa Cruz traffic is carried on locals; further, the Los Gatos-Santa Cruz travel is only heavy during a few months in the summer. Therefore, I recommend that no change be made in this rate.

It is a well established fact that the reasonableness PER SE of a through rate should be independently determined, considered in its entirety, and should not be compared with a rate built up of intermediate rates or fragments of rates from intermediate points to more distant points, which rates may be less than normal because of peculiar conditions. Branch line

rates are usually higher than main line rates and although some trains are operated from San Francisco to Monterey the line is nevertheless considered a branch of the Southern Pacific and is so treated for operating purposes. Many of the fares for main line traffic in California are computed at the rate of 3 cents per mile but this rate does not prevail on branch lines and I therefore believe that it would not be proper at this time, upon the showing made in this case, to make any reductions in the one-way fares to Santa Cruz. These fares should be held in abeyance until some future date when the Commission may decide on its own initiative to enter into an investigation of all passenger fares within the State. After considering all of the facts I do not find that complainant has proved the present one-way fare of \$2.65 San Francisco to Santa Cruz to be excessive, neither do the exhibits presented in evidence convince me that other one-way fares called in question are unreasonably high.

With reference to excursion fares, I believe that Santa Cruz should have a round-trip, Sunday only, ticket from San Jose based on the one-way fare, - this being the basis of the Sunday round-trip in effect from San Jose to Monterey, and I, therefore, recommend that the Southern Pacific Company be required to publish a round-trip fare, good on Sundays only, from San Jose to Santa Cruz of \$1.40, and that the complaint, insofar as it relates to other fares be dismissed.

I submit herewith the following form of order:

O R D E R

The Chamber of Commerce of the city of Santa Cruz having complained that certain one-way and round-trip fares of the Southern Pacific Company for the transportation of passengers between Santa Cruz and various points within the State of

California are excessive and discriminatory, and a regular hearing having been held, and the Commission being fully apprised in the premises and basing its conclusions upon findings of fact in the opinion which precedes this order,

IT IS HEREBY ORDERED, that the Southern Pacific Company publish and file with this Commission, within twenty days from the date hereof, a round-trip fare of \$1.40 to be sold and used on Sunday only from San Jose to Santa Cruz.

IT IS FURTHER ORDERED, that that portion of the complaint dealing with other fares be and the same is hereby dismissed without prejudice.

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 17th day of May, 1915.

Man Johnson
H. J. ...
Edwin O. Edgerton

Commissioners