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Decision No. 5999

ORIGINAL

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of
FRESNO INTERURBAN RAILWAY COMPANY, a
corporation, for authority to dis-
continue certain service in the City
of Fresno.

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: Application No. 3956
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A. E. Bolton for Applicant
Harris & Hayhurst, and N. L.
South for Protestants
A. W. Carlson for City of Fresno.

GORDON, Commissioner

O P I N I O N

Fresno Interurban Railway Company, a corporation, has applied for an order authorizing the discontinuance of street car service in the City of Fresno alleging that the operation of such service is not profitable and that the public convenience and necessity will not be interfered with by reason of the discontinuance of such service.

Public hearings were held at Fresno on July 25 and August 12, 1918, the matter was submitted on briefs to be filed by the interested counsel and is now ready for decision.

The Fresno Interurban Railway extends from the City of Fresno in a generally easterly direction to a point in Fresno County known as Sanger Road, the line being 17 miles in length. In

connection with the operation of freight service over the line a city street car service has been given in the city of Fresno over the following route:

"Commencing at or near the intersection of the centerline of Belmont Avenue, with the center line of Fresno Avenue; thence westerly along or near the center line of Belmont Avenue to and within Valeria Street; thence southerly along or near the center line of Valeria Street to and within Merced Street; thence southwesterly along or near the center line of Merced Street, to and within "J" Street; thence southeasterly along "J" Street, using the tracks of Fresno Traction Company, thereon, under the terms and limitations of the Statutes of the State of California, governing such usage, to and within Inyo Street; thence northeasterly along or near the center line of Inyo Street, to and within "I" Street; thence southeasterly along or near the center line of "I" Street to the southeasterly end thereof, and over private property, to and within Hamilton Avenue; thence easterly along or near the center line of Hamilton Avenue, to the corporate limits of the City of Fresno.

Commencing at or near the intersection of the south line of Belmont Avenue with the center line of Fresno Avenue, and running thence northerly along or near the center line of said Fresno Avenue, one quarter mile, a little more or less, to the northerly corporate limits of said City."

Applicant has operated a street car service over the above described route, using in such service two second-hand street cars. In July, 1918, the Company discontinued the street car service without having secured authority from this Commission and for the reason that the Company was notified that no more power would be furnished by the San Joaquin Light and Power Company account unpaid bills for power previously furnished. The Company was required by the Commission to establish automobile service over the route hereinbefore mentioned and such service was instituted on July 26, 1918 and was continued until August 11, 1918, pending the hearing on this application.

The affairs of this Company have been thoroughly reviewed in Applications Nos. 1084, 1416 and 1649 and reference is hereby made to Decisions Nos. 1563, (Opinions and Orders, C. R. C. Vol. 4, P. 1195); 1957, (Opinions and Orders, C. R. C. Vol. 5, P. 749); 2411, (Opinions and Orders, C. R. C. Vol. 6, P. 1016) and further reference

to such matter is unnecessary in connection with this proceeding.

The Company was incorporated April 4, 1914, for the purpose of constructing an electric railway from Fresno. A contract was entered into with Mahoney Brothers, who in payment for the securing of rights of way, furnishing labor and material for construction, including the necessary equipment for operation of the line, were to accept the stock and bonds of the Company. To December 31, 1917, there has been issued and is outstanding \$35,000.00 par value of common stock and \$149,300.00 par value of First Mortgage Bonds, all of which were issued under several orders of this Commission.

The Company commenced its operations under date August 1, 1916. Prior to such date, however, the contractors attempted to haul freight and passengers during the construction period. The result was a substantial deficit amounting to \$10,396.27, which amount the Commission allowed as a capital charge. Since the commencing date of operation, August 1, 1916, to December 31, 1917, a total of seventeen months, the record of operation shows a deficit of \$26,935.16. The balance sheet of the Company as of December 31, 1917, filed with this Commission in accordance with the requirements of the Public Utilities Act, shows current liabilities of \$105,913.53 with current assets as of such date of but \$7,953.96.

A statement of earnings and expenses from all sources for the period from August 1, 1916 to June 30, 1918, inclusive, introduced by the applicant as an exhibit at the hearing on this proceeding shows the total receipts from all sources to be \$52,622.64 with operating expenses of \$66,107.75 or a deficit of \$13,485.11. Adding the fixed charges accumulated during the above period amounting to \$28,292.45, the total deficit amounts to

\$41,777.56.

A record of the receipts and expenses of the street car operation in the City of Fresno, the discontinuance of which is sought by applicant herein, indicates that for the period from January 1 to June 30, 1918, the receipts were \$3,762.25 and the expenses (excluding all expenses except labor, material, power, taxes and insurance, and eliminating any allowance for superintendence, office expense, depreciation or interest on investment) amounted to \$5,159.13, a deficit of \$1,396.88. If the proportion of expenses including the omitted items referred to above were charged, and same have been incurred and are properly chargeable against the street car operation, a further charge of \$2,653.71 would be made resulting in a net deficit of \$4,050.59. In view of these conditions the applicant has petitioned this Commission for an order permitting the discontinuance of the street car service in the City of Fresno.

This application is opposed by the residents of the portion of Fresno heretofore served by the street car service for which abandonment is sought, such residents claiming that the line has been improperly operated and that the service heretofore rendered has not been of a dependable character or conducted in a manner which would induce patronage. Reference was made to contracts which were signed at the time the line was being promoted in which property owners agreed to pay certain bonuses provided the line was completed to a certain terminal. The evidence indicates that the line was not extended to the terminal originally proposed and that for such reason the bonuses were not collectible under the agreements referred to and it is understood that much of the right of way which was donated to the Company under similar conditions is not owned in fee by the Company but that the title remains in the original owners.

Petitions were filed in protest signed by 177 persons representing 681 patrons alleging that the service of the Fresno Traction Company could not adequately supply the service required by the residents of the district served by the portion of the applicants line herein sought to be abandoned. In this connection the results of the automobile service ordered installed by the Commission pending the hearing on this application are as follows:-

July 26 to August 11, 1918, inclusive.

Receipts	\$16.35	average \$0.96 3/17 per day
Rent of Automobiles	318.00	" 18.706 per day
Deficit	301.65	" \$ 17.744 per day.

It is apparent that the patronage which is necessary to meet the expenses of the operation of the line sought to be abandoned was not offered during the period that the substitution of automobile service was ordered by this Commission.

The evidence indicates that the equipment with which the street car service was operated is in a dilapidated condition, that such equipment had served the greater part of its useful life before being acquired by the applicant and that to rehabilitate the cars would require an expense of approximately \$2,000.00 to make same safe and in proper operative condition. The evidence further shows that one-man operation of cars has been conducted for sometime in an endeavor to reduce the operating costs to the minimum and no constructive plan was presented which would indicate that the operation of the street car service can be conducted and produce revenue equal to the bare cost of operation, excluding entirely the items of superintendence, depreciation or interest on the capital invested.

After very careful consideration of the evidence presented in this proceeding, of the briefs filed by counsel, and of the fact that the applicant herein has been unable to operate either its street car service or its entire property on a basis that would pro-

duce revenue equalling the cost of operation, I am of the opinion and find as a fact that the traffic offering to the street car line of the applicant herein in the City of Fresno does not justify a continuance of the operation of such line; that the operation of the entire line does not produce revenue sufficient to meet operating expenses, and fixed charges, excluding entirely the items of depreciation and interest on investment; and I, therefore, recommend that the application be granted.

Herewith the following form of order.

O R D E R

FRESNO INTERURBAN RAILWAY COMPANY, a corporation, having petitioned the Railroad Commission for an order authorizing the discontinuance of service on the street car lines operated by the applicant in the City of Fresno, public hearings having been held, the matter having been duly submitted and the Commission being fully advised and basing its order on the findings of fact as appearing in the opinion which precedes this order,

IT IS HEREBY ORDERED that this application be and the same hereby is granted.

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 21st day of December, 1918.

Edwin C. Egerton
H. H. Hayward
Alex Gordon
Frank A. White
Commissioners.