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Decision No. 7957

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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ORIGINAL

In the Matter of the Application of)
PATTERSON AND WESTERN RAILROAD COM- : Application No. 5639
PANY to abandon service.)

Edward Elliott for Applicant
Clarence M. Oddie for H. Borchsenius
and E.D. and E.W. Bullard, Protestants.
Lilienthal, McKinstry and Raymond, by
Albert Raymond, for Red Mountain
Magresite Company, Protestant.

BY THE COMMISSION.

O P I N I O N

Patterson and Western Railroad Company, a corporation, has petitioned the Railroad Commission for an order authorizing the discontinuance of operation of its railroad line alleging that the revenues received from operation are not sufficient to meet operating costs irrespective of any return on the valuation of the railroad property.

Public hearings on this application were conducted by Examiner Handford at San Francisco, the matter was duly submitted and is now ready for decision.

Patterson and Western Railroad Company operate a narrow gauge railroad from Patterson in a generally westerly direction to Jones Station, a distance of 23.6 miles. The entire capital stock of this company is owned by the Mineral Products Company, Ltd. and the line was originally constructed primarily as a plant facility

to transport magnesite and other ores from mines owned by the Mineral Products Company, Ltd. adjacent to Jones Station to the manufacturing plant at Patterson and also for transfer at that point to the line of the Southern Pacific Company for eastern shipment. No regular passenger service has ever been performed by this company and the freight service has always been handled by extra trains, train operation being conducted whenever shipments were offered for movement. A limited amount of business has been offered by parties engaged in the development of mining properties in the vicinity of Jones Station, but the mining development of the Mineral Products Company, Ltd. has been suspended, it being testified that such properties contain no ore of commercial value and that no more shipments are to be made by the Mineral Products Company from their own mines which are considered of no commercial value.

The following statement shows revenue and operating expenses covering the period April 1st, 1917 to March 31st, 1920.

	<u>April 1 to Dec. 31, 1917.</u>	<u>Year ending Dec. 31, 1918</u>	<u>Year ending Dec. 31, 1919</u>	<u>Jan 1 to Mar. 31, 1920</u>
Revenue	\$ 14,360.00	\$ 17,481.44	\$10,010.79	\$ 740.34
Operating Expense	<u>18,300.93</u>	<u>35,876.08</u>	<u>18,272.14</u>	<u>2171.24</u>
<u>Deficit</u>	<u>3,940.93</u>	<u>18,394.64</u>	<u>8,261.35</u>	<u>1430.90</u>

The above statement includes no interest on investment.

The granting of this application was opposed by the Red Mountain Magnesite Company, E. D. and E. W. Bullard and H. Borchsenius although, Messrs. Bullard and Borchsenius have since the submission of this application filed a written withdrawal of their protest against the abandonment of service.

From the evidence in this proceeding on behalf of the granting of the application, it appears that the present condition of the railroad is such that material expenditures would be required to place the line in safe operating condition, that a considerable number of

ties require renewal, bridges need rehabilitation and a considerable amount should be expended in ballasting and widening embankments.

Protestant, Red Mountain Magnesite Company is engaged in the development of certain magnesite, chrome and manganese properties and although some shipments have been made over the line of the Patterson and Western Railroad Company and consigned to the Mineral Products Company, Ltd. at Patterson for use in their manufacturing plant, the evidence in this proceeding does not indicate that a sufficient amount of such tonnage is available or will be available in the future to justify the continued operation of applicant's line of railway.

We are of the opinion and find as a fact that the operation of the Patterson and Western Railroad as a common carrier is not justified in that the revenue derived from operation is not sufficient to meet operating expenses, fixed charges and return any interest on the amount invested in such railroad.

We are of the opinion that the application should be granted.

O R D E R

Patterson and Western Railroad Company, a corporation, having applied to the Railroad Commission for an order authorizing it to discontinue and abandon the operation of a line of railroad extending from Patterson to Jones Station, public hearings having been held, the matter having been duly submitted and the Commission

being fully advised and basing its order on the finding of fact as set forth in the opinion preceding this order,

IT IS HEREBY ORDERED that this application be and the same hereby is granted and that applicant be permitted to discontinue its operation as a common carrier and abandon its railroad after ten days' notice will have been given all shippers and receivers of freight by posting notice at all stations at which freight shipments have heretofore been received or delivered.

Dated at San Francisco, California, this 4th day of August, 1920.

Edwin G. Edgerton
H. D. Leonard
Frank W. Allen
James Martin

Commissioners