

Decision No. 28781.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of  
STOCKTON ELECTRIC RAILROAD COMPANY  
for authority to abandon its street  
railway lines on Pilgrim Street and  
on Aurora and Center Streets, in the  
City of Stockton, California.

Application No. 19122.

Gilbert Jones and E. J. Foulds,  
For Applicant.

J. L. Johnson, For City of Stockton,  
Protestant.

WARE, COMMISSIONER:

O P I N I O N

In this application the Stockton Electric Railroad Company requests authority to abandon two of its street railway lines in the City of Stockton. A public hearing was conducted at Stockton on January 17, 1934.

The lines which applicant proposes to abandon are the Center Street and Aurora Street Line operating from the intersection of Center Street and Charter Way over Center Street, Weber Avenue, and Aurora Street to the corner of Aurora and Park Streets, a distance of 1.52 miles; and the Pilgrim Street Line operating a shuttle service along Pilgrim Street from Main Street to Taylor Street, a distance of .54 miles. Service by another line would be retained on Weber Avenue between El Dorado Street and Sacramento Street.

These two lines were constructed as a part of the local transportation system of the Central California Traction Company and were originally operated in competition with the Stockton

Electric Railroad system. Subsequently the Stockton Electric Company acquired the local system of the Traction Company, abandoned some portions of the track, and consolidated the remaining lines with its own system.

The Center Street Line, which was built to compete with the San Joaquin Street Line of the Stockton Electric system, is located parallel to and three blocks to the west of that line and serves an industrial district and a residential section, the population of which is chiefly foreign. The easterly end of the line reaches a close-in residence section along Aurora Street but because of the proximity of this district to the business section of the city, very little travel originates at this end of the line. The present service on this line is provided with one car operating on a thirty-minute headway.

The Pilgrim Street Line operates through a fairly well built-up residence section in the southeast portion of the city and by means of a transfer at Pilgrim and Main Streets the patrons of this line reach the business section over the Main Street lines of applicant. A fifteen-minute headway is provided with one car and to get this car to and from the car barn, three blocks of track, on which there is no regular service, are maintained on Weber Avenue and Pilgrim Street.

Applicant claims that neither of these lines pays the out-of-pocket cost of operation and that the operations are conducted at a substantial loss. An exhibit filed at the hearing shows the operating revenue and expenses of the lines for 1932 to be as follows:

	<u>Center Street Line</u>	<u>Pilgrim Street Line</u>
Operating Revenues,	\$6,823.84	\$2,191.75
Operating Expenses, including taxes,	<u>11,801.55</u>	<u>4,810.71</u>
Out-of-pocket loss	\$4,977.71	\$2,618.96

Early in 1933 the service on both of these lines was materially reduced and the present expense of operation is now considerably lower than that shown above, but with the reduction in service there was also a falling off of patronage and even under the strict operating economies now in effect, both lines are operated at a loss. In December 1933 the total revenue from the Center Street Line was \$231.23 and from the Pilgrim Street Line, \$109.56. It should be pointed out, however, that in the case of the Pilgrim Street Line practically all of the outbound riders were transfer passengers and the actual earnings were probably somewhat larger than shown above.

While it is true that there has been a material reduction in revenue from all applicant's lines during the past few years, it appears that the drop in travel on these two lines, particularly the Center Street Line, is greater than on the remainder of the system. The following table shows the passengers and car miles of the two lines involved compared with the system totals for the past six years. It will be seen that while the decrease in patronage on the entire system was 49.25%, the decrease on the Center Street Line was 82.35%, and on the Pilgrim Street Line 58.57%.

	System		Center Street Line		Pilgrim Street Line	
: Year:	Passengers:	Car Miles:	Passengers:	Car Miles:	Passengers:	Car Miles:
1928	443,651	136,350	23,294	13,671	9,446	3,720
1929	416,391	136,319	21,708	13,724	9,517	3,724
1930	393,093	137,883	19,942	13,583	8,076	3,725
1931	338,954	126,781	13,853	9,025	7,095	3,726
1932	260,484	125,458	9,314	9,025	5,250	3,726
1933	225,176	89,404	4,111	3,963	3,913	2,100
<u>Decrease 1928-1933:</u>						
	218,475	46,946	19,183	9,708	5,533	1,620
<u>Per Cent Decrease:</u>						
	49.25%	34.43%	82.35%	71.00%	58.57%	43.55%

The low earning capacity of the two lines is due to the fact that both serve districts within walking distance of the business section, that the lines are not properly located to serve those districts, and that the service is not such as to attract short haul riders.

From monthly statements of operating revenues and expenses of the Stockton Railroad Company in the Commission's files it appears that while during the first four months of 1933 the company operated at a loss, a small profit has been shown since May, due primarily to substantial operating economies. The figures for November, 1933, are as follows:

Operating Revenues,	\$12,282.68
Operating Expenses, including taxes,	<u>10,316.68</u>
Operating Income	\$ 1,966.00

In the last rate proceeding of this company before the Commission a rate base of approximately \$1,000,000 was found and assuming that the investment is approximately the same, the company is now earning about 2%.

The City of Stockton protested the abandonment of car service on these two lines unless a substitute service by bus lines on nearby streets is inaugurated. Its City Planning Engineer presented various exhibits showing the distribution of population in the City of Stockton and pointed out the inconsistencies of the present routings in serving that population. He suggested a bus line that would operate over Lincoln Street, five blocks to the west of Center Street, continue through the business district, and operate along Ophir and Pilgrim Streets in the eastern part of the city. Such a line would furnish a better service to the two districts affected than the present rail lines.

The City presented no estimate of the revenue that such a line would produce, nor the expense of its operation, but Mr. Billingsley, the General Superintendent of the company, estimated that the suggested bus line, providing a twenty-minute headway, would cost approximately \$1,500 a month and that its earnings would be less than half this amount. His estimate of earnings is, however, based on the present earnings of the inadequate rail service. Since the bus line would be more centrally located in the districts served, bring public transportation closer to a larger population, and, in the case of the Pilgrim Street Line, furnish direct service to the business section, an increase in patronage would probably result. It is doubtful, though, if the operation could be conducted at a profit. Mr. Billingsley further stated that it would be necessary to buy new equipment to establish such a service, as the two busses now owned by the company are worn out.

The record in this proceeding, with respect to applicant's net earnings, displays a situation which is more or less comparable with that obtaining with other carriers operating under similar conditions, particularly with respect to population. The outlook for street railway or bus transportation in the smaller communities has not been a particularly encouraging one during the past few years. There is, however, now some tendency toward a brighter outlook.

In considering this application we must base the conclusion on the premise as to what is best for the general public and at the same time afford the carrier an opportunity to operate his business at a profit if it is practicable to do so. As a fundamental principle it would not be proper for the Commission

to authorize the abandonment of a particular line for the sole reason that the revenue failed to justify its continued operation from an earning standpoint; other features must be considered, such as the operations of the carrier as a whole and the adequacy of the service to the general public. In this case we find that the earnings for the entire system are little more than enough to pay the out-of-pocket cost of operation. It is in public interest in such cases to preserve some city transportation at the expense of eliminating the most unprofitable lines and in that way the majority of the public is served.

If the company were earning an adequate return, or if applicant had idle equipment available for the service, the Commission could reasonably require the substitute bus service suggested by the City, for an experimental period at least, as a condition to the abandonment of the rail lines. Neither being the case, the Commission should not require the company to make a substantial investment in equipment to experiment with such a bus line with the possibility of a consequent further dwindling of an already inadequate return which will eventually lead to further curtailment of service or abandonment of the entire street railway system in the City of Stockton. The latter result is not improbable unless economies, consistent of course with public convenience and necessity, such as abandonment of poorly patronized service, are put into effect.

It may be that should the Stockton Electric Railroad be obligated by franchise to expend a considerable sum in removing about two miles of double track and restoring pavement in Center, Aurora and Pilgrim Streets, and Weber Avenue, the

City could relieve the company of this obligation in consideration of a bus service by the Railroad Company. On the record in this proceeding the Commission cannot, however, order such a service and can only grant the request of applicant to abandon the service.

The following form of order so provides:

O R D E R

The Stockton Electric Railroad Company having filed application to discontinue service and abandon its street car lines on Pilgrim Street, Aurora Street, Center Street and on portions of Weber Avenue in the City of Stockton, a public hearing having been held, and it appearing that public convenience and necessity require the abandonment of said service and street car lines,

IT IS HEREBY ORDERED that Stockton Electric Railroad Company is hereby authorized to discontinue service and abandon the following street car lines in the City of Stockton, to wit:

On Pilgrim Street, from Weber Avenue to Taylor Street,  
On Aurora Street, from Weber Avenue to Park Street,  
On Center Street, from Weber Avenue to Charter Way,  
On Weber Avenue, from Center Street to El Dorado Street,  
On Weber Avenue, from Sacramento Street to Pilgrim Street,

and to change its tariffs accordingly.

Applicant shall post notice in its cars of said abandonment for at least ten (10) days previous to the discontinuance of service.

The effective date of this order shall be twenty (20) days from the date hereof.

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 5th  
day of February, 1934.

C. C. Kearney  
Leon A. Whalley  
W. J. Linn  
M. B. Harris  
M. B. Harris  
Commissioners.