

ORIGINAL

Decision No. 23074.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
 PACIFIC GAS AND ELECTRIC COMPANY, a
 corporation, for an order of the
 Railroad Commission of the State of
 California authorizing applicant to
 permanently discontinue and abandon
 that portion of its street railway
 system in the City of Sacramento,
 State of California, referred to in
 this petition.

Application No. 20605.

- R. W. DuVal, for Applicant.
- I. F. Lyons, for California Packing Corporation.
- W. G. Stone, for Sacramento Chamber of Commerce.
- A. L. Knowles, City Attorney, City of Sacramento.

BY THE COMMISSION:

O P I N I O N

In the above entitled proceeding applicant seeks authority to discontinue the operation of its so-called No. 9 street car line in the City of Sacramento, and thereafter remove the track facilities along this line, except that portion to the north of "K" Street, which is now used or may be used by other car lines of applicant.

A public hearing was conducted in this matter by Examiner Hunter at Sacramento on August 7, 1936, at which time the matter was taken under submission and is now ready for decision.

The No. 9 line operates over the following route and is approximately 1.24 miles in length:

From Second and "I" Streets, along "I" Street to Third and "I" Streets, along Third Street to "T" Street, and on "T" Street to Seventh Street.

The historical cost of the portion of the No. 9 line sought to be physically abandoned, which is partly single track, is shown in Exhibit 2 to be \$59,719.02, as of December 31, 1935.

Applicant's showing centers largely around the allegations contained in the application filed June 12, 1936. (1)

The present service on this line is performed through the operation of a single car offering a headway of twenty minutes between the hours of 6:00 A.M. and 8:40 A.M., and from Noon to 6:00 P.M. It should be pointed out, however, that the service on this line has been materially reduced during the past

(1) "****that the revenues received by applicant from the operation of said No. 9 line are not now, and havenot for more than fifteen (15) years last past been, sufficient to pay out-of-pocket costs for direct operation and maintenance; that during the calendar year 1934 the total revenue derived from the operation of said line amounted to \$3,447.65, or 6.7¢ per car mile operated, and the direct operating costs amounted to 15.4¢ per car mile; that for the first 9 months of 1935 the revenues received were equivalent to 7.4¢ per car mile and direct operating costs amounted to 16¢ per car mile;"

**** that the operation of its street railway transportation system in said City of Sacramento as a whole now is, and for a number of years last past has been, entirely unprofitable and that the revenues derived from the conduct of said business have during all of said period been insufficient to pay the cost of operation and maintenance and enable your applicant to make reasonable provision for accruing depreciation and ultimate replacements;"

year, as is shown in the following tabulation, which also shows the revenue, car miles operated and the revenue per car mile during the past ten years, taken from Exhibits 3 and 8.

Year	Revenue	Car Miles	Revenue per car-mile
1926	\$9,379.97	74,910	\$0.125
1927	8,791.98	74,913	0.117
1928	8,062.69	75,041	0.107
1929	7,027.46	74,880	0.094
1930	5,837.88	69,587	0.084
1931	4,800.21	53,534	0.090
1932	3,800.83	53,202	0.071
1933	3,235.91	51,450	0.063
1934	3,447.65	51,459	0.067
1935	3,317.84	44,597	0.074

The record shows the out-of-pocket cost of operation to be approximately 15 cents per car mile.

The following tabulation is taken from Exhibits 3 and 5 and shows the operating results on the No. 9 line during the past five years:

Item	1931	1932	1933	1934	1935	7 Mos. 1936
<u>Passengers Carried:</u>						
Revenue	79,902	63,909	53,777	57,254	56,166	21,231
Total	105,931	86,027	79,258	82,839	80,958	31,189
Passenger Revenue	\$4,800.21	\$3,800.83	\$3,235.91	\$3,447.65	\$3,317.84	\$1,234.82
Operating and Maintenance Cost	\$7,867.52	\$7,796.98	\$7,643.17	\$7,694.11	\$6,938.32	\$2,589.92
Net Operating Revenue	\$3,067.31*	\$3,996.15*	\$4,407.26*	\$4,246.46*	\$3,620.54*	\$1,355.10*

* Denotes Loss

In addition to the net operating loss shown above, applicant contends that it sustains a further loss resulting from apportioned taxes, depreciation and general and administrative expense assignable to the No. 9 line, as follows:

Year	Taxes	Depreciation	General and Administrative Expense (a)	Total
Basis of Apportionment	Capital Revenue	Annuity Capital	Revenue	
1931	\$253.63	\$2,037.62	\$364.50	\$2,655.75
1932	218.02	2,000.00(b)	117.77	2,335.79
1933	176.94	1,918.52	173.15	2,268.61
1934	722.43	1,924.27	312.08	2,958.78
1935	891.01	1,890.56	116.80	2,798.37

(a) Includes casualty and fire insurance

(b) Estimated, no depreciation annuity actually set up for Railway Dept. in 1932.

With respect to applicant's entire operations, the record shows that during the past five years it has failed to earn any return on its investment. The following table shows the results of operation on the system as a whole, from 1926 to 1935, and is taken from Exhibit No. 6:

Year	Total Revenue	Total Maintenance & Operation	Depreciation Annuity	Non-Operating Taxes	Net for Return
1926	\$713,940.87	\$630,146.34	\$55,334.00	\$1,469.35	\$29,929.88
1927	684,368.00	584,372.77	53,551.00	1,277.19	47,722.42
1928	696,065.57	616,945.92	54,548.00	1,117.64	25,689.29
1929	671,186.84	513,463.09	55,541.00	898.39	103,081.14
1930	615,108.07	517,224.36	59,214.00	1,106.10	39,775.81
1931	555,471.45	513,242.19	57,723.00	155.00	15,338.74*
1932	455,063.64	451,638.84	55,325.00	-	51,900.20*
1933	407,079.42	421,302.14	54,349.00	-	68,571.72*
1934	431,198.95	437,679.36	54,512.00	-	60,992.41*
1935	463,540.88	429,158.57	53,557.00	-	19,174.69*

* Denotes red figures

A number of witnesses representing various industries located in the district served by the No. 9 car line testified that if this car operation were discontinued, it would leave that portion of the City of Sacramento without public transportation and it was urged that if the car line is discontinued, there should be some service substituted in the way of bus operation. None of these witnesses, however, contended or purported to show that such a bus operation would be remunerative or would even pay out-of-pocket costs of operation.

The City of Sacramento and the Chamber of Commerce stated their position in this matter to the effect that they felt the Commission was in the best position to determine as to whether or not this application should be granted, but desired to announce that the matter of adequate transportation in this particular section of the city, as well as any other portion, is one which should be kept open for future consideration and if at any time it can be shown that public convenience and necessity reasonably require special or additional service, they accordingly reserve the right to appear before the Commission.

A careful review of this record leads to the conclusion that this application should be granted. The Commission wishes to announce at this time, however, that applicant should not conclude that the granting of this application in any way closes the door to further investigation as to future public need for transportation in the portion of the city now served by the No. 9 car line and will, in addition to keeping in touch with the situation, give serious consideration to any reasonable request for additional or improved service for the City of Sacramento.

O R D E R

A public hearing having been held in the above entitled proceeding and the matter having been submitted and being now ready for decision,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company is authorized to discontinue the operation of its No. 9 car line, which is described in the foregoing Opinion, and remove the track facilities and overhead from that portion of the line to the south of "K" Street, provided, however, that the public is given not less than ten (10) days' advance notice of the proposed discontinuance of service on this line by posting notice in all cars operated on this line; also, that applicant work out a mutual agreement with the City of Sacramento relative to restoring paving if and when the track is removed, and so advise the Commission within ninety (90) days from the date of this Order.

The authorization herein granted shall lapse and become void if not exercised within one (1) year from the date hereof.

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

Dated at San Francisco, California, this 21st day of August, 1936.

M B Harris
Leon Aubrey
M A Carr
William H. ...
Frank R. ...

Commissioners.