

Decision No. 21486.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of SOUTHERN
PACIFIC COMPANY for permission to discontinue
operation of passenger trains Nos. 317 and 318
between the Nevada-California State Line near
Stacy, California, and Alturas, California.

Application
No. 21486.

Henry Hobbs, for Southern Pacific Company.

Harley A. Harmon, for Nevada Public Service Commission.

W. B. Williams, R. R. Lightner, and J. C. Jarman,
for Alturas Chamber of Commerce.

W. J. Verlinger and O. D. Morgan,
for the City of Alturas.

BY THE COMMISSION:

O P I N I O N

In this application Southern Pacific Company seeks authority to discontinue passenger service on that portion of its Reno-Alturas Line operating in California.

A public hearing was conducted in this matter before Examiner Hunter at Alturas, October 29, 1937, at which time the matter was taken under submission.

At this time Southern Pacific Company operates tri-weekly passenger service between Reno and Alturas. The distance between these points via railroad is 215 miles, of which 115 miles are in California and the remainder in Nevada. Southern Pacific Company filed a similar application with the Public Service Commission of Nevada seeking authority to discontinue operations in that State.

Train service on this line is provided through the operation of a passenger train consisting of an engine, one combination baggage, mail and express car, and one day coach. Train No. 318 operates northbound on Mondays, Wednesdays and Fridays and the time table shows that it leaves Reno at 7:55 A.M. and arrives at Alturas at 3:05 P.M. Train No. 317 operates southbound on Tuesdays, Thursdays, and Saturdays, and is scheduled to leave Alturas at 12:05 P.M. and arrive at Reno at 7:15 P.M. This tri-weekly service has been in effect subsequent to September 18, 1932. Previous to that time and subsequent to the time this line was taken over by Southern Pacific Company from the Nevada, California, Oregon Railway in 1929, daily service was offered.

Passenger service between Klamath Falls, Oregon, and Alturas, California, which is a continuation of the Reno-Alturas line to the north, was discontinued April 22, 1933, pursuant to authority granted by the Commission's ex parte order in its Decision No. 25852, dated April 17, 1933, in Application No. 18819. This operation involved passenger service on 76 miles of railroad between Alturas and the California-Oregon State line. If the Reno-Alturas service is discontinued as proposed herein, all passenger rail service to Alturas will be eliminated except that now offered by a mixed train operating between Alturas and Lakeview, Oregon, a distance of 55 miles, which is now on a tri-weekly basis. There is no plan at this time to discontinue the Alturas-Lakeview operation.

At this time it appears appropriate to refer to Decision No. 26474, dated October 30, 1933, in Application No. 19000, where Southern Pacific Company was granted authority to discontinue passenger service on its Susanville Branch between

Wendell and Westwood, which was a branch of the Reno-Alturas line.

Exhibit No. 5 shows an estimate of the passenger operation between Reno and Alturas for trains 317 and 318 on an annual basis, which is based upon the records of operation during the period January 1st to August 31, 1937. This tabulation shows that the annual out-of-pocket cost of providing this service amounts to \$41,204, and the total revenue \$25,569, or an out-of-pocket loss of \$15,635.⁽¹⁾

(1) S.P.Co's Exhibit No. 5.

COMPARISON OF OUT-OF-POCKET OPERATING EXPENSES WITH
GROSS REVENUES IN OPERATION OF TRAINS NOS. 317-318,
BETWEEN RENO, NEVADA, AND ALTURAS, CALIFORNIA.

SECTION "A" - OPERATING EXPENSES

	<u>Cost Per Annum</u>
Fuel Oil	\$8,193
Locomotive repairs	8,169
Enginehouse expenses	1,112
Locomotive supplies	1,470
Train supplies and expenses	1,006
Car repairs	1,743
Maintenance of Way	1,879
Wages	<u>17,632</u>
Total	\$41,204

Operating Costs per Train Mile (Cents) 61.4537¢

	<u>NEVADA</u>	<u>CALIFORNIA</u>	<u>TOTAL</u>
Train Miles per annum	31,262.4	35,786.4	67,048.8
Operating Expense	\$19,212	\$21,992	\$41,204

SECTION "B" - REVENUES

Passenger	\$ 3,982
Baggage and Mail	14,345
Express	1,342
Milk and Cream	<u>1,000</u>
Total	\$25,569

Operating Revenue per train mile (Cents) 38.1349¢

	<u>PER ANNUM</u>	<u>PER TRAIN MILE</u>
Extent by which revenues fail to pay above operating cost	\$15,635	23.3188¢

A traffic check was taken on the revenue passengers carried on trains 317 and 318 over a two-week period from April 19th to May 1st, 1937, inclusive (Sunday, April 25th, excepted), which showed that 77 passengers were carried during this period between Reno and Alturas and intermediate points, or an average of 6.4 passengers per trip. This traffic check does not include a special movement over this line of one carload of Government employees (C.C.C. organization).

A number of operating officials testified that this traffic check was a fair representation of the passengers carried on this line during the past few years. The record does not disclose how many of these passengers had their origin and destination wholly within California. It does, however, show that except for a very few isolated cases where passengers board or leave the train between Reno and the Nevada-California State line, the only station in Nevada where any passengers are picked up or discharged is Reno.

Under Southern Pacific Company's plan, the passengers now travelling on trains 317 and 318 will be afforded a daily service on the O. C. & N. Stages, Inc., between Reno and Alturas, and intermediate points in California. This stage line serves practically the same territory, in so far as California is concerned, as the railroad and has been operating since 1929. Service is offered through the operation of a combination passenger, baggage and express stage. Mr. Frank G. Wood, General Manager of the stage line, testified that he could handle all the passenger, baggage, express and mail business now carried by trains 317 and 318 with his present equipment, in addition to the business he now enjoys. He testified that his passenger load factor is only approximately 25 per cent of the capacity of the stage, and that the large compartment for express, baggage and mail in these stages has ample carrying capacity to meet the total public traffic requirements between

Reno and Alturas. Furthermore, that in the event more business is offered, he is in a position to expand his operations without delay as he has extra equipment on both ends of this line.

Exhibit No. 6 shows the schedule for daily operation of the O. C. & N. Stages, Inc., to be as follows:

Leave Alturas at Noon	-	Arrive Reno at 6:20 P.M.
Leave Reno at 7:45 A.M.	-	Arrive Alturas at 2:40 P.M.

The length of this run is 200 miles. The Reno-Alturas operation is a part of the O. C. & N. Stages service between Klamath Falls and Reno.

Southern Pacific Company's tickets are honored between Reno and Alturas on the O. C. & N. Stages, which also accommodates passengers' baggage so that it is possible for a person travelling between Alturas and a point beyond Reno to purchase a ticket from the Southern Pacific Company and travel over the O. C. & N. Stages to Reno and at that point board the train to continue on his trip. His trunk and other baggage may be checked at his point of origin on the Stage line to point of destination on the rail line. The same general plan is in effect when travelling in the opposite direction, as he may leave the train at Reno and board the stage to any point on the line between Reno and Alturas with his railroad ticket.

The granting of this application was opposed by the Chamber of Commerce of Alturas largely on the ground that in their opinion Alturas was entitled to train service and that if the district were afforded daily instead of tri-weekly rail service, the operation would show a better earning. No estimates were presented, however, to support this opinion other than statements from witnesses.

A review of this record leads to the conclusion that public convenience and necessity for the continued operation of

trains 317 and 318 does not justify the substantial out-of-pocket loss incurred by the railroad, as shown above, particularly in view of the fact that this travelling public is offered a daily service on the stage line instead of the tri-weekly service on the railroad at no added cost and no increase in time of travel. It may well be, however, that future public traffic requirements may justify the resumption of passenger service on this line, therefore applicant will be granted authority to suspend passenger operations until further order of this Commission, with the proviso that the railroad will provide daily passenger service on the line between Reno and Alturas, so long as the line is maintained for freight service, during times of the year when it is impossible to operate stages between these points due to snow conditions.

O R D E R

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

IT IS HEREBY ORDERED that until further order of this Commission the Southern Pacific Company is hereby authorized to suspend all passenger train operation on its line between the Nevada-California State Line near Stacy, Lassen County, and Alturas, Modoc County, California, under the following conditions and not otherwise:

- (1) Applicant shall give not less than ten (10) days' advance notice to the public of the said suspended passenger train service by posting notices in all passenger trains operating on the line involved herein, and in addition posting such notice at all agency stations along the line.

- (2) If due to snow conditions the highway between Reno and Alturas becomes impassable, applicant shall, in the event the railroad is open to traffic, provide daily passenger train service on this branch line until such time as the highway is again open for stage operation.
- (3) Applicant shall, within thirty (30) days thereafter, notify this Commission in writing of the suspension of passenger service herein authorized.
- (4) The authorization herein granted shall lapse and become void if not exercised within one (1) year from the date hereof, unless further time is granted by subsequent order.
- (5) Applicant shall make all necessary changes in its tariffs and station lists on not less than five (5) days' notice to the Commission and the public.

The Commission reserves the right to make further orders relative to this matter as to it may seem right and proper, and to revoke this authority if conditions appear to justify.

For all other purposes the effective date of this Order shall be ten (10) days from the date hereof.

Dated at San Francisco, California, this 22nd day of November, 1937.

Walter Ware
Leon Whitley
Ray Wabovich

Commissioners