

Decision No. \_\_\_\_\_

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of  
SIERRA RAILROAD COMPANY, a corporation,  
for a certificate to operate bus service } Application No. 21400  
for the transportation of passengers,  
baggage and express between Stockton,  
Tuolumne and intermediate points. }

THOMAS S. LOUITTIT and DOUGLAS BROOKMAN, for Applicant.

H. C. LUCAS, for Pacific Greyhound Lines, Protestant.

C. E. GRAYSON, Intervener in support of applicant, for  
Board of Supervisors, Tuolumne County.

T. M. WILZINSKI, City Attorney, City of Sonora,  
intervener in support of Applicant.

H. H. SHERRARD, Secretary Tuolumne County Chamber of  
Commerce, intervener in support of Applicant.

H. O. GREGSON, Jamestown Promotion Club, intervener in  
support of Applicant.

LAWRENCE GILBERT, Oakdale City Council, Oakdale Chamber  
of Commerce, intervener in support of applicant.

J. E. BAER, Sonora Lions Club, intervener in support of  
Applicant.

ERNEST N. DELMONT, Collegeville Farm Bureau Center,  
intervener in support of Applicant.

MRS. LESTER STEWART, Collegeville Parent Teachers'  
Association, intervener in support of Applicant.

LESTER LOTZ, Tuolumne City Progressive Association,  
intervener in support of applicant.

GEORGE W. DOSTER, Stockton-Oakdale Express, Protestant.

WILLIS KLEINENBROICH, Oakdale-Modesto Auto Stage,  
Protestant.

WHITSELL, Commissioner:

O P I N I O N

This is an application by Sierra Railroad Company, a  
corporation, for a certificate of public convenience and necessity

to establish and operate an automotive service for the transportation of passengers, baggage and express, as a common carrier, between Stockton and Tuolumne and intermediate points.

Public hearings were conducted in Sonora on September 23rd and 24th, 1937, at which time the matter was submitted on briefs, subsequently filed with the Commission, and is now ready for decision.

The application of Sierra Railroad Company as subsequently amended and restricted at the hearings proposes transportation of passengers only between Stockton and Oakdale and intermediate points via Colledgeville and Valley Home and the transportation of passengers, baggage and express (limited to 100 pounds per single package on passenger stages) between rail termini at Oakdale and Tuolumne, both points inclusive, serving intermediate rail stations of Chinese Camp, Jamestown, Sonora, Standard and Ralph. The proposed operation was protested by Pacific Greyhound Lines, George Doster, operating as Stockton-Oakdale Express, and Willis Kleinenbroich, operating as Oakdale-Modesto Auto Stage. Upon the stipulation by applicant that no express would be transported between Stockton and Oakdale, Mr. Doster and Mr. Kleinenbroich withdrew their protests.

The City of Sonora, Tuolumne County Board of Supervisors, Tuolumne County Chamber of Commerce, Jamestown Promotion Club, Oakdale City Council, Oakdale Chamber of Commerce, Tuolumne City Progressive Association, Stockton Chamber of Commerce, Colledgeville Farm Bureau Center, Sonora Lions Club and the Colledgeville Parent Teachers' Association entered appearances as interveners in support of applicant. These organizations did not, as such, all present testimony but the record does contain testimony presented by members thereof appearing as public witnesses.

Sierra Railroad Company operates a standard guage railroad between Oakdale, in Stanislaus County, and Tuolumne, in Tuolumne County, a distance of approximately 57 miles. The railroad was completed in 1899 at which time passenger service was commenced. At Oakdale, the western terminus of the line, the service of applicant connects with that of Southern Pacific Company and The Atchison, Topeka and Santa Fe Railway Company.

From 1899 to July 1932, a daily through passenger car was operated between Tuolumne and Stockton over the lines of applicant and Southern Pacific Company.

Applicant presented the testimony of a number of public witnesses, and the testimony of a considerable number of additional public witnesses was stipulated into the record. All supported the applicant principally, because they believed, due to Sierra Railroad Company's long continued service in this territory, that it was entitled to continue to render, by the most modern and economical means, a transportation service for the transportation of passengers, baggage, and express. The record in this respect further shows that the service proposed would fill a transportation need of the communities represented and involved, including Collegeville and Valley Home which now have no common carrier service. Testimony of employee and former employee witnesses was also presented together with various exhibits. Testimony and exhibits thus presented developed the historical background and service of Sierra Railroad Company, showing the gradual decline of passenger revenues, (attributed to financial difficulties beginning in 1932) the use of a mixed passenger and freight train instead of a straight passenger train (also established in 1932) and the fact that the Southern Pacific Company no longer maintained a daily service between Stockton and Oakdale but had reduced this service to a tri-weekly operation in 1933. This had the effect

of leaving Sierra Railroad Company at Oakdale with no means of transporting its passengers daily between Stockton and various points on its rail line between Oakdale and Tuolumne.

The testimony of applicant was further to the effect that the bus service proposed was to be in lieu of the presently operated mixed-train rail service and that said mixed-train would be discontinued, leaving on the rails only a non-scheduled freight train. It was further testified that a net saving of some ten thousand dollars annually would accrue to Sierra Railroad Company by reason of the proposed transfer of the passenger, baggage and express service from rail to highway. This was based on an approximate annual saving of \$20,000 by reason of the elimination of the mixed-train operation as compared with an estimated expense of some \$10,000 annually for the proposed bus operation.

It appears from the record that the estimate of annual saving is extremely liberal, however, I am convinced that even though the saving anticipated by applicant would not be affected, a substantial saving would accrue to applicant by the use of substituted stage service.

The instant application, it was averred by applicant, was occasioned by the circumstances hereinbefore referred to. The delay in the preparation and filing of the application was due wholly to the financial troubles besetting Sierra Railroad Company which prevented it from going ahead, at an earlier date, with the proposed plan of bus operation involved herein.

Applicant further testified that the proposed bus service would provide connections at Stockton with the transcontinental lines of the Southern Pacific Company, The Atchison, Topeka and Santa Fe Railway and the Western Pacific Railroad. These connections are to be effected through applicant's operations of its buses direct to

the rail depots, in Stockton, of the rail lines mentioned.

Applicant proposes to operate a daily schedule consisting of a trip leaving Stockton at 7:30 A.M. and arriving in Tuolumne at 10:55 A.M., and a trip leaving Tuolumne at 3:00 P.M. and arriving in Stockton at 6:10 P.M. The passenger fares to be assessed are those that appear in Exhibit "B" attached to and made a part of the application and are based on the rail rate of 2 cents a mile applied to the highway mileage operated. The fares of the Pacific Greyhound Lines in this territory are based on 3 cents per mile. Exhibit "D" of the application shows the proposed express rates to be assessed. Applicant proposes to use in this service one 14-passenger white bus with an express and baggage compartment.

Protestant Pacific Greyhound Lines through the medium of exhibits and the testimony of employee and public witnesses placed in the record a showing to the effect that it was now operating three schedules daily into and out of the territory involved in this application which, it was shown, are now and have for some time past been conducted at a loss. It was the further testimony of this protestant that for a period of one year from August 1, 1936, to July 1, 1937, the rates of occupancy to the capacity of the buses operated was approximately 20 per cent.

Sierra Railroad Company has long afforded transportation service to this Mother Lode Country. In 1932, when it was forced into receivership and due to the business depression, the company was compelled to eliminate its straight passenger train service and substitute therefor a mixed-train which resulted in a substantial loss of patronage. Subsequently, in 1933, Southern Pacific Company, through whose facilities Sierra Railroad Company had up to that time been enabled to transport its passengers by through car to Stockton, reduced its daily service to a tri-weekly service. This reduction

allegedly further reduced applicant's revenues so as to impair its ability to render an adequate rail passenger transportation service.

Thus it appears that through factors beyond its control Sierra Railroad Company was relegated to the position of rendering a mixed-train service which proved, as clearly indicated by a subsequent and continued sharp decline in patronage, to be much less desirable to the public. During this period, also, applicant was involved in financial difficulties which precluded any attempt on its part to extricate itself from the position, as termed by it, of a "rail line to nowhere".

The instant application is an attempt by applicant to once more regain its status as a complete transportation system.

After carefully considering all of the evidence in this proceeding it is hereby concluded that Sierra Railroad Company proposes nothing more than a substituted bus service for the transportation of passengers, baggage and express in lieu of currently operated rail service; that public sentiment is thoroughly in accord with and in favor of this substitution which will result in marked operating economies and will afford a cheaper means of transportation with a reasonable chance of being compensatory and it will afford a scheduled service to Colledgeville and Valley Home (two points now without service) and will provide depot to depot service with reasonable connection with the most desirable main line trains at Stockton although, admittedly, not meeting all trains. The service proposed does not constitute a new or different service but is, as applicant avers, a substitution of bus for rail to render service to points served in the past save for the Oakdale-Stockton territory. In this last instance, it may be conceded that Sierra Railroad Company did render this service through the facilities of the

Southern Pacific Company and that its ability to continue to do so was impaired by the reduction, on the part of the Southern Pacific Company, of its rail service and was, therefore, due to circumstances beyond the control of Sierra Railroad Company.

There can be no quarrel with the service rendered by Pacific Greyhound Lines into and out of this territory. Had there been, however, a holding out on the part of Sierra Railroad Company to tap and serve new territory, foreign to its usual field of operations, an entirely different aspect would be placed on the picture in this respect with considerably more stress laid on protestant's showing. In view of the circumstances as heretofore set forth, coupled with the fact that Pacific Greyhound Lines service is fitted to a far flung system which, basically, devolves around service to and from all points on its system and is not strictly a local operation (admittedly operated at a loss), I believe that Sierra Railroad Company, locally in the territory for so many years, should be given the opportunity to maintain itself in the passenger field by making use of the newest and most economical means available, i.e., the motor bus.

At the conclusion of the hearings in this matter counsel for protestant, Pacific Greyhound Lines made the following offer:

"At this time, then, if your Honor please, I wish to make the following offer, having in mind the provisions of Section 50-1/4 of the Public Utilities Act of California: The record now shows that the Pacific Greyhound Lines is the certificated carrier in the field between Oakdale and Stockton. The Pacific Greyhound Lines now offers that, in the event this Commission determines that public convenience and necessity requires the institution of service between Oakdale and Stockton via the so-called Mariposa Road through Valley Home and Collegeville, it will institute such service as the Commission may require and will perform such service to the satisfaction of the Commission

Pacific Greyhound Lines further offers that if the Commission determines that public convenience and necessity requires the reduction of rates or fares in this territory Pacific Greyhound Lines will accept such fares and operate at such rates as the Commission may determine are proper, having in mind public convenience and necessity, and will perform the service in the territory under those fares to the satisfaction of the Commission.

Pacific Greyhound Lines further offers that, in the event the Commission determines that public convenience and necessity requires a coordinated bus and rail service in this territory, it will publish joint fares with either the Southern Pacific Company, the Atchison, Topeka & Santa Fe Railway Company or the Western Pacific or all of them, and will perform that coordinated service to the satisfaction of the Commission.

Pacific Greyhound Lines further offers that, in the event the Commission determines that public convenience and necessity requires service — bus service from this territory into Stockton to and from either or all of the railway stations of the Southern Pacific Company, the Atchison, Topeka & Santa Fe Railroad or Western Pacific, it will perform that service and perform that service to the satisfaction of the Commission."

The determination of the matter involved herein in so far as it may relate to Section 50-1/4 of the Public Utilities Act should be governed by the same principles that justified the rulings in Re Fialers Case (38 C.R.C. 880), and this Commission's Decision No. 30790, dated April 18, 1938. These principles are clearly announced in said cases and it does not appear necessary to again reiterate them herein.

I am of the opinion, therefore, that the application be granted and recommend the following form of order:

#### O R D E R

Public hearings having been held in the above entitled application, the matter having been duly submitted on briefs and the Commission now being fully advised,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY  
DECLARES that public convenience and necessity require the estab-



lishment and operation by Sierra Railroad Company, a corporation, of an automotive service as a passenger stage corporation as such is defined in Section 2-1/4 of the Public Utilities Act for the transportation of passengers, baggage and express between Stockton and Tuolumne and the intermediate points of Colledgeville, Valley Home, Oakdale, Chinese Camp, Jamestown, Sonora, Standard and Ralph, subject to the following restrictions:

1. Between Stockton and Oakdale (both points inclusive) and points intermediate thereto via Colledgeville and Valley Home, the authority herein granted shall be limited to the transportation of passengers and their baggage only.
2. The transportation of express herein authorized shall be limited to packages weighing not in excess of 100 pounds and shall be transported on passenger vehicles only.
3. Between Oakdale and Tuolumne (both points inclusive) and intermediate points, applicant shall serve only its established rail depots.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity therefor be, and the same hereby is, granted to Sierra Railroad Company, a corporation, subject to the following conditions:

1. Applicant shall file a written acceptance of the certificate herein granted within a period of not to exceed fifteen (15) days from date hereof.
2. Applicant shall commence the service herein authorized within a period of not to exceed thirty (30) days from the effective date hereof, and shall file in triplicate, and concurrently make effective on not less than ten days' notice to the Railroad Commission and the public, a tariff or tariffs constructed in accordance with the requirements of the Commission's General Orders and containing rates and rules which in volume and effect shall be identical with the rates and rules shown in the exhibit attached to the application in so far as they conform to the certificate herein granted, or rates and rules satisfactory to the Railroad Commission.

3. Applicant shall file in duplicate, and make effective within a period of not to exceed thirty (30) days after the effective date of this order, on not less than five days' notice to the Railroad Commission and the public, a time schedule or time schedules covering the service herein authorized in a form satisfactory to the Railroad Commission.

4. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been obtained.

5. No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased by applicant under a contract or agreement on a basis satisfactory to the Railroad Commission.

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

Dated at San Francisco, California, this 23<sup>rd</sup> day of May, 1938.

Walter H. Moore  
Leon S. Whelan  
James R. Quinn  
Raymond J. Quinn  
Al C. Miller  
COMMISSIONERS