

Decision No. 35794

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CHARLES SNAPP, doing business under)
 the firm name and style of SNAPP STAGE)
 LINES, for a certificate approving a)
 lease to J. W. BENJAMIN of a portion of) Application No. 25099
 applicant's common carrier and passenger)
 service, commencing at Gazelle and)
 extending to Etna and return via)
 Callahan, California.)

ORIGINAL

J. EVERETT BARR, for Applicants.

TEBBE & CORREIA, by J. P. Correia, for
 Yreka Western Railroad Company, O. G.
 Steele, Receiver, Interested Party.

BY THE COMMISSION:

INTERIM OPINION

Applicant Snapp now operates a highway common carrier and passenger stage line between Gazelle and Somes Bar and intermediate points, all in Siskiyou County, via Callahan, Etna, Sawyers Bar and Forks of Salmon. (1) One round trip daily, except Sundays, is normally provided. At Gazelle this carrier makes connections with highway common carriers operating along U. S. Highway No. 99 and the Siskiyou line of Southern Pacific Company.

The area between Gazelle and Somes Bar served by Snapp is sparsely settled and mountainous and devoted primarily to ranching, stock raising and dairying. Etna is the largest community served by Snapp and has an approximate population of 450.

(1) Distance between:

Gazelle and Callahan	.	.	.	.	28	miles
" " Etna	.	.	.	.	42	"
" " Sawyers Bar	.	.	.	.	67	"
" " Forks of Salmon	.	.	.	.	83	"
" " Somes Bar	.	.	.	.	100	"

In this proceeding, applicant Charles Snapp requests authority to lease to applicant J. W. Benjamin, for a period of four years, that part of his operative right which extends between Gazelle and Etna, including intermediate points. In general, the lease provides for the payment of a rental of \$65 monthly throughout its term; that traffic would be interchanged at Etna between lessor and lessee, the revenue from which would be divided on an agreed basis; that accountings would be had regularly; and that lessee would conform to all lawful regulations and would promptly advise lessor of any complaints affecting operations under the lease.

A public hearing was conducted before Examiner Hunter at Etna, on August 14, 1942, when the matter was submitted.

Prior to July 1, 1942 Snapp transported the mail over the entire route between Gazelle and Somes Bar under a contract with the United States Post Office Department. On that date, Benjamin, the successful bidder, was awarded a contract by the Post Office Department to carry the mail for the term of four years thereafter between Gazelle and Etna.

The record in this proceeding appears to indicate that truck and stage operations over this route can be conducted at a profit only with the combined revenue for the transportation of passengers, property and mail. Without the mail revenue the operation would not return the cost of providing the service. It is upon this basis that Snapp, who lost the mail contract between Gazelle and Etna to Benjamin, seeks authority to lease to the latter that portion of his operative right.

The greater volume of traffic, both passenger and freight,

(2) The operative right, part of which is proposed to be leased, was acquired by Charles Snapp under authority of Decision No. 27206, dated July 10, 1934, in Application No. 19523. It is a "grandfather" right.

between Gazelle and Etna moves westbound, there being but a small backhaul. The freight consists largely of merchandise consigned to Etna and supplies for those residing along the highway. There is a small movement of mining machinery and supplies. Most of the interline traffic, which is distributed approximately equally between rail and truck, originates at the larger trading centers of California and Oregon. Snapp maintains joint rates with Oregon-Nevada-California Fast Freight, Inc. and with Southern Pacific Company, the traffic being interchanged at Gazelle.

Aside from occasional shipments to mines along the route, particularly at Callahan, all the freight offered is handled in a single truck. The load factor, on the average, is comparatively light. Most of the freight moves to Etna.

It is most important now that truck mileage should be reduced to a minimum, consistent with essential public needs for transportation. We conclude that but one common carrier should be permitted to operate between Gazelle and Etna, and that he also should carry the mail. Applicants, therefore, should formulate and submit a plan of operation between Gazelle and Etna under which the holder of the common carrier operative right will also transport the mail.

In the meantime, in order to insure the continuance of a transportation service for which there is a public need, Snapp will be authorized to lease to Benjamin, for the term of two months, that part of the former's operative right extending between Gazelle and Etna, including intermediate points. No rental payment, however, will be approved under this temporary arrangement. Although the Commission ordinarily does not approve the leasing of part of an operative right (Re United Motor Transport Lines, Inc. 43 C. R. C. 69,76), it will sanction such a step where, as here, it appears necessary in the public interest.

Within the period specified, applicants will be expected to submit a plan of operation under which a single carrier will transport freight, passengers, and mail.

INTERIM ORDER

A public hearing thereon having been had, the matter having been duly submitted, and the Commission now being fully advised:

IT IS ORDERED as follows:

(1) That applicant Charles Snapp is hereby authorized to lease to applicant J. W. Benjamin, and the latter is hereby authorized temporarily to operate hereunder, for the period of two months after the effective date hereof, that portion of the operative right between Gazelle and Etna, and intermediate points held by said Snapp, and acquired by him pursuant to Decision No. 27206, dated July 10, 1934, in Application No. 19523, authorizing operation as a highway common carrier and as a passenger stage corporation, as defined by sections 2 $\frac{1}{4}$ and 2-3/4, respectively, of the Public Utilities Act.

This authority is granted subject to the following conditions:

(a) That any temporary lease executed hereunder shall conform substantially to the proposed lease, a copy of which accompanies the application herein. However, no rental payment is authorized, nor shall any rental be paid by the lessee to the lessor during such period of temporary operation.

(b) That within two months from the effective date hereof, applicants shall submit to the Commission a plan of operation under which the operator engaged in the transportation of freight and passengers, as a common carrier, between Gazelle and Somes Bar and intermediate points, shall also carry the United States mail between said points.

(2) (a) Applicant Benjamin shall file in his own name fares, rates, charges, rules and regulations governing service between Gazelle and Etna and intermediate points identical with those now maintained by applicant Snapp.

(b) Applicants Benjamin and Snapp shall enter into joint rate arrangements with each other under which fares, rates, charges, rules and regulations between Gazelle and Etna and intermediate points, on the one hand, and Etna and Somes Bar and intermediate points, on the other hand, shall be identical with those now maintained by Snapp.

(c) Applicants Benjamin and Snapp shall in all other respects comply with the rules of the Commission's General Orders Nos. 79 and 80 and Part IV of General Order No. 93-A, by filing, in triplicate, and concurrently making effective, tariffs in conformity therewith and in addition to the provisions of subparagraphs (a) and (b) next foregoing, and time schedules satisfactory to the Commission within sixty (60) days from the effective date hereof and on not less than five (5) days' notice to the Commission and the public.

(3) J. W. Benjamin, his successors or assigns, may never claim before this Commission, or any court or other public body, a value for any purpose for the operative right herein authorized to be leased, in excess of the cost actually incurred by the original owner thereof in establishing such operative right.

(4) Jurisdiction herein is reserved by the Commission to make any further order or orders in this proceeding as the Commission in its discretion may deem just and proper.

The effective date of this order shall be ten (10) days from the date hereof.

Dated at San Francisco, California, this 22nd day of September, 1942.

Justus D. Coe
W. B. M. M.
Francis R. Havenner
Richard Jackson
COMMISSIONERS