

Decision No. 45156

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SAN DIEGO & ARIZONA EASTERN RAILWAY)
 COMPANY to discontinue all regular)
 passenger service furnished by it be-)
 tween (a) San Diego, California, and)
 the California-Mexico Line (between)
 San Ysidro, California, and Tijuana,)
 Mexico), and (b) between the)
 California-Mexico Line (between)
 Lindero, Mexico, and Division, Cali-)
 fornia) and Calexico, California.)

Application No. 31577

Randolph Karr and R. S. Myers for applicant. Ralph B. Moore for City of Calexico, Calexico Chamber of Commerce, and Tijuana Chamber of Commerce, William Nixon for Brotherhood of Railroad Trainmen, Fred G. Seig for Order of Railway Conductors, Ray Newberry for National City Chamber of Commerce, Christian N. Brown for Brotherhood of Locomotive Firemen and Engineers, George V. Tursky for Brotherhood of Locomotive Firemen and Engineers, R. V. Rachford for Brotherhood of Railway Clerks, T. S. Finley for Brotherhood of Railroad Trainmen, Z. D. Kidder for City of Chula Vista and Chula Vista Chamber of Commerce, Manuel Acosta Mesa for Tijuana Chamber of Commerce, and Pedro Cota for Tecate Chamber of Commerce; protestants. H. F. Landgraf for City of San Diego and San Diego Harbor Commission, and Mrs. Florence Steinert for San Diego and Arizona Eastern Railway; interested parties.

O P I N I O N

Applicant conducts east-west passenger and freight rail operations between San Diego and Calexico, California, constituting a rail distance of 157.2 miles, 148.1 miles on its own tracks, and 9.1 miles on the tracks of the Southern Pacific Railway Company. Its trackage runs a distance of 15.5 miles from San Diego to San Ysidro, at which point it crosses the

international boundary into Tijuana, Mexico. From this point it continues through Mexico a distance of 70.9 kilometers, or 44.1 miles, to Lindero, Mexico, there crossing the international boundary 0.7 of a mile to Division, California. From Division the trackage runs a distance of 87.8 miles to El Centro, the eastern terminus of the applicant's tracks. Beyond El Centro, applicant operates over tracks of the Southern Pacific Railway Company to Calexico, an additional distance of 9.1 miles. The operations in Mexico are conducted under the name Tijuana and Tecate Railway Company, which company is wholly owned by the San Diego & Arizona Eastern Railway Company.

Applicant operates daily two scheduled passenger trains, No. 362 from San Diego to Calexico, and No. 363, from Calexico to San Diego. Authority is requested herein to discontinue the operation of these trains, the application alleging that the traffic and revenue do not justify their operation.

Public hearings were held in San Diego on October 26 and 27, and November 16 and 17, 1950, before Commissioner Craemer and Examiner Syphers. The matter was submitted on November 17, and now is ready for decision.

According to the testimony, there are usually five passenger cars on each of trains No. 362 (eastbound) and No. 363 (westbound). These cars are old and allegedly obsolete. Steam locomotives are used. Train No. 362 leaves San Diego at 7:05 a.m. each morning, and is scheduled to arrive at El Centro at 12:20 p.m., and at Calexico at 12:35 p.m.

It maintains an average speed of 28.31 miles per hour to El Centro, but traverses the nine miles to Calexico at 42 miles per hour. Train No. 363 leaves Calexico at 5:45 p.m., traveling the nine miles to El Centro at 36.4 miles per hour. It leaves El Centro at 6:05 p.m., and is scheduled to arrive at San Diego at 11:30 p.m., maintaining an average speed of 27.6 miles per hour.

The slow speeds between San Diego and El Centro are occasioned by the mountainous terrain and numerous curves encountered, particularly in the vicinity of Carriso Gorge. It was conceded by one of applicant's witnesses that diesel engines would speed up the service somewhat. It was further pointed out that the cost of diesel power could not be justified, and that the nature of the road is such as to prohibit high-speed operations. Applicant's witness also testified that realignment of the Carriso Gorge grades and curvatures through substitution of tunnels and trestles, as suggested by a protesting witness, had been studied, and upon the basis of estimates was found to be wholly impractical and economically unsound.

(1)
Applicant presented evidence showing the number of passengers carried during the months of June, July, and August, 1950, it being contended that these were representative months. The figures, which are divided into intrastate and interstate passengers, are as follows:

(1) Exhibits Nos. 6 and 7.

<u>Intrastate</u>	<u>On</u>	<u>Off</u>	<u>Revenue</u>
June	43	43	\$ 17.94
July	61	61	27.70
August	66	66	26.02
Totals	170	170	\$ 71.66

Intrastate, Interstate
and Foreign

<u>Between California Points *</u>			<u>Interstate</u>		<u>Foreign</u>	
<u>Passengers</u>	<u>Revenue</u>		<u>Passengers</u>	<u>Revenue</u>	<u>Passengers</u>	<u>Revenue</u>
June	123	\$ 338.30	689	\$2,400.61	1,166	\$2,406.15
July	148	354.20	850	3,254.86	1,513	3,095.21
August	210	570.36	1,013	3,953.06	1,164	2,360.50
Totals	481	\$1,262.86	2,552	\$9,608.53	3,843	\$7,861.86

* This includes strictly intrastate passengers, as well as those traveling between California points, but going through Mexico enroute.

The San Diego & Arizona Eastern Railway Company is a wholly owned subsidiary of the Southern Pacific Company. Accordingly, evidence was presented by the manager of the Bureau of Transportation and Research of the Southern Pacific Company, relating to the revenues of both companies.

Exhibit No. 2 is a study of the passenger revenues of applicant and the direct out-of-pocket costs connected therewith for the year 1950. Since these figures present the basic case of applicant in this matter, they are summarized as follows:

Revenues -

	<u>Per day</u>		<u>Per annum</u>	
Passenger fares	\$203.62		\$ 74,321	
Other	<u>103.96</u>	\$307.58	<u>37,946</u>	\$112,267

Expenses (Directly assigned) -

Wages	\$279.26		\$101,930	
Station rental	65.75		23,999	
Fuel	116.42		42,493	
Other direct expenses	<u>146.76</u>	<u>608.19</u>	<u>53,567</u>	<u>221,989</u>
Losses		\$300.61		\$109,722

The foregoing table shows the direct out-of-pocket costs to be almost double the revenue derived. If the proper proportion of other expenses, such as maintenance, locomotive and car expense, yard engine costs, casualties and payroll taxes, were allocated, the losses would amount to \$1,203.29 per day, and \$439,201 per year.

While there were some challenges as to the correctness of the figures in Exhibit No. 2, none developed any particular defect. A fair view of the testimony and exhibit impels the conclusion that the passenger operations are being conducted at the substantial losses indicated.

Exhibit No. 25 presents similar figures for the years 1947 to 1950. The totals of these figures, which follow, include passenger service revenues, and the directly assigned and allocated expenses:

	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
Revenues	\$307,637	\$241,303	\$215,524	\$153,911
Expenses	<u>498,871</u>	<u>476,205</u>	<u>477,124</u>	<u>440,920</u>
Loss	\$191,234	\$234,902	\$261,600	\$287,009

Effective May 28, 1950, the schedules of applicant's trains were changed in order to conform the schedules to those of connecting transcontinental railroads. As a result of this change, train No. 362 left San Diego at 7:05 a.m., train No. 363 being scheduled to arrive there at 11:30 p.m. According to applicant's witnesses, this change has had no effect upon passenger travel over applicant's lines.

Exhibit No. 8, among other things, shows the available means of transportation between San Diego and El Centro and Calexico, in addition to the railroad. U. S. Highway 80 runs between San Diego and El Centro, U. S. Highway 99 between El Centro and Calexico, State Highway 94 runs from San Diego to its junction with U. S. 80 east of Pueblo, California, and U. S. Highway 101 connects San Diego with San Ysidro. There is a highway in Mexico running from Tijuana to Mexicali via Tecate and Hechicera.

Pacific Greyhound Lines maintains six daily schedules eastbound over U. S. 80 from San Diego to El Centro, and seven in the reverse direction. There are numerous Greyhound runs to San Ysidro. The American Buslines transports interstate passengers over U. S. 80 from San Diego to eastern points. Also, there is a bus line in Mexico operating over the highway between Tijuana and Mexicali. The U. S. and California highways mentioned above are in excellent condition, and the Mexican highway is usable.

In addition to the other means of transportation available, highways and bus lines, applicant's witnesses contended that the rail tracks would still be used for freight,

and hence would be available for special trains for troop movements or other passenger hauling, if it should become necessary. Any mail or express now hauled on the passenger trains can be diverted to the other transportation facilities, as directed by the Post Office Department or express agency. Both have been advised, and offered no protest. Witness for applicant stated that satisfactory alternative service would be provided. X

Considerable testimony and a number of exhibits were devoted to the advertising practices of applicant. Apparently this advertising takes two forms, that which directly advertises the San Diego & Arizona Eastern Railway, and that which advertises San Diego generally. Exhibit No. 9 contains copies of various advertisements of both types, while Exhibits Nos. 31 to 37 contain examples of advertising of the first type. While questions were raised as to the fact that the advertisements stressed the Southern Pacific more than they did the San Diego & Arizona Eastern Railway, still we must conclude that there has been a reasonable amount of advertising directly related to the latter. The proposed abandonment of passenger service was also advertised, as is evidenced by Exhibit No. 30.

Various freight shippers presented testimony on behalf of applicant, the substance of which was that it would be unfair to freight shippers to require them to absorb undue passenger losses.

In opposition to applicant's proposal, various public witnesses appeared. Some of these witnesses testified as to the quality of applicant's equipment; others pointed out delays,

inconveniences, and other defects in the service; and still others contended the railroad passenger service in question had not been sufficiently advertised or promoted. Some public witnesses testified as to a need for this service. Most of the witnesses were not using the service, and merely offered statements of opinion.

There were presented, in opposition to applicant's proposed abandonment, resolutions and statements of representatives of various city councils and chambers of commerce, both in California and in Mexico.

We have carefully considered all of this evidence and have come to the conclusion, and now find, that the abandonment of passenger service, as proposed by applicant herein, is justified. While there is some desire for a continuance of this service, the use of it has been too slight to justify that con- X
tinuance. Furthermore, there are other means of transportation available. Whether or not the replacement of present facilities with newer, more modern equipment, would increase the public use of the service is speculative. However, we are not convinced that there is sufficient probability here to justify the expenditures which would be required to undertake the experiment. The present rail line traverses a circuitous, mountainous route. New equipment could not obviate this difficulty. There is unquestioned testimony in this record that other means of transportation, bus and automobile, are much faster between the points involved. The public has evidenced a desire and preference for these other means of transportation by ceasing to use the train. Furthermore,

it is apparent from this record that neither dieselization nor substitution of modern, streamlined equipment will enable this carrier to overcome the competitive handicaps of its circuitous route and the difficult terrain through which it must pass.

There was an objection to the jurisdiction of this Commission in this matter, inasmuch as it was contended that a large amount of the traffic is in interstate or foreign commerce. However, this objection must fail, since there is undisputed evidence that some of the traffic is unquestionably intrastate. We do not here rule on any jurisdiction which may be held by the governments of the United States or the Republic of Mexico. Our order herein is directed to that portion of the traffic which is subject to the jurisdiction of the State of California.

Another objection was made on the ground that no notice of this proceeding was given to the United States Government. We are of the opinion, and hereby find, that the notices given to the interested parties, the railroad itself, and its parent company, and to the public, are sufficient.

During the course of the hearing, a ruling was made excluding testimony as to freight revenues. We hereby affirm this ruling.

Two other motions were made, one, to consolidate this proceeding with the general investigation now pending as to operations of the Southern Pacific Company in Case No. 5234, and, the other, to dismiss on the grounds of insufficient showing. Case No. 5234 concerns only Southern Pacific operations in X certain specified areas which do not include the area here under

consideration. We find the showing here made to be sufficient, and, accordingly, both of these motions are hereby denied.

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon, the Commission being fully advised in the premises and hereby finding it to be in the public interest,

IT IS ORDERED that the San Diego & Arizona Eastern Railway Company be, and it hereby is, authorized to discontinue all regular rail passenger service between San Diego, California, and the California-Mexico Line between San Ysidro, California, and Tijuana, Mexico, and between the California-Mexico Line between Lindero, Mexico, and Division, California, and Calexico, California, subject to the following condition:

Changes in service shall be made only after ten (10) days' notice to this Commission and to the public.

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

Dated at San Francisco, California, this 19th
day of December, 1950.

R. Z. [Signature]

Justus F. [Signature]

[Signature]

Harold P. [Signature]

[Signature]
COMMISSIONERS