

**ORIGINAL**Decision No. 54761

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of SOUTHERN PACIFIC COMPANY to )  
discontinue the operation of )  
passenger trains Nos. 201 and )  
202 between Sacramento and )  
Gerber, California. )

Application No. 37950

Charles W. Burkett, Jr., and James R. McBride, for Southern Pacific, applicant.  
George W. Ballard, for Brotherhood of Railroad Trainmen; Graham R. Mitchell, for Brotherhood of Locomotive Enginemen; Gordon C. Larkin, for Order of Railway Conductors and Brakemen, and William V. Ellis, for Legislative Board of Brotherhood of Locomotive Firemen and Enginemen, protestants.  
Edward F. Walsh and James Gibson, for the Commission staff.

O P I N I O N

On April 20, 1956, the Southern Pacific Company filed the application herein requesting authority to discontinue the operation of passenger Trains Nos. 201 and 202 between Sacramento and Gerber, California.

Public hearings were held before Commissioner Matthew J. Dooley and Examiner Wilson E. Cline in Sacramento on October 3 and 4, 1956, and oral argument was held before said Commissioner and Examiner in San Francisco on October 16, 1956. At the conclusion of oral argument the matter was taken under submission.

Description of Operations

Train No. 202 originates at Sacramento and operates via Roseville, Lincoln, Wheatland, Marysville, Live Oak, Gridley, Biggs, Durham, Chico, Vina, and Los Molinos to Gerber. It leaves Sacramento at 10:10 a.m. and arrives at Gerber at 1:48 p.m. Train No. 201

leaves Gerber at 2:55 p.m. and returns to Sacramento at 6:25 p.m. via the same route.

Prior to October 1, 1955, local mail was handled on Trains Nos. 201 and 202 between Sacramento, Marysville, Chico, Red Bluff and Redding. Subsequent to this date, the mail has been handled in highway post office cars and in trucks operated by Pacific Motor Trucking. The United States Post Office Department was responsible for the transfer of the mail from Trains Nos. 201 and 202. Subsequent to December 1, 1955, the southbound through mail and baggage cars averaging three cars that had previously been transferred from Train No. 19, the Klamath, to Train No. 201 at Gerber have been handled by Train No. 19 south to Woodland, and from there by local freight to Sacramento. On March 1, 1956, the baggage and express car which performed local service was removed from Trains Nos. 201 and 202. The baggage and express formerly handled in such car is now handled by Pacific Motor Transport trucks. Since March 1, 1956, the trains have consisted of one or two air-conditioned passenger cars depending on traffic volume. The trains are powered by a diesel locomotive. Even though the head-end traffic has been eliminated there has been no change in the schedules of these trains. A witness for the Commission staff testified that in his opinion the schedule on these trains might be shortened as much as 30 minutes, provided these passenger trains were given the right of way throughout the whole line.

#### Financial Results of Operation

Applicant's Exhibit No. 10 for Trains Nos. 201 and 202 shows revenues of \$17,000 per year, estimated out-of-pocket expenses of \$210,000 per year and an estimated out-of-pocket loss of \$193,000 per year. The cost of wages alone on these two trains amounts to \$60,590 annually. The record shows that certain adjustments should

be made in these estimates by reason of reduced overtime costs while daylight savings is in effect, idling time for the locomotive, extra costs for handling the head-end cars on the Klamath, and costs for transporting Southern Pacific's own employees in the event Trains Nos. 201 and 202 are discontinued. Such adjustments altogether will reduce the out-of-pocket loss by approximately \$5,000 per year.

Exhibit No. 7 tabulates the annual deficits from the operation of Southern Pacific Company's Pacific Lines' passenger and allied services for the years 1948 through 1955 as reported to the Interstate Commerce Commission. These losses range from a low in 1948 of \$24,559,618 to a high in 1954 of \$51,140,679. Such loss in 1955 amounted to \$43,449,911. Exhibit No. 8 for these same years shows the annual net railway operating income, both passenger and freight, and the rate of return on investment used in transportation service. On the basis of average I.C.C. valuation the rates of return range from a low of 3.31 per cent for the year 1949 to a high of 6.09 per cent for the year 1952. For the year 1955 such rate of return was 4.79 per cent.

#### Public Use of the Trains

Applicant's Exhibits Nos. 3, 4, and 5 and the Commission staff Exhibit No. 25 supply statistics regarding the use which is being made of the trains by the public. These exhibits show that an average of 14 passengers use Train No. 201 daily and an average of 17 passengers use Train No. 202 daily. These figures include revenue passengers only and not those passengers who are traveling on passes. The trains average approximately eight passenger miles per train mile throughout the year.

#### Adequacy of Alternate Service

An excellent highway, U.S. No. 99E, practically parallels the rail line of applicant over which Trains Nos. 201 and 202 operate.

Gibson Lines operates a bus service along such highway between Sacramento and Chico. A total of 14 schedules are operated on weekdays from Sacramento to Roseville and 12 schedules are operated on weekdays from Roseville to Sacramento. Five schedules are operated daily between Sacramento and Marysville in each direction and three of these schedules are operated in each direction between Sacramento and Chico.

Pacific Greyhound Lines operates four schedules in each direction daily between Sacramento and Redding along U. S. Highway 99E via Chico and Marysville. Connections are made with these schedules at Sacramento by schedules operating to and from San Francisco and Oakland. In addition, two schedules are operated in each direction between San Francisco and either Chico or Oroville via Woodland, Knights Landing and Marysville, with connections to and from Sacramento at Woodland.

Pacific Greyhound Lines is restricted from directly handling passengers whose origin and destination are both between and including Sacramento and Chico and intermediate points along U. S. Highway 99E. This company is also restricted from directly handling passengers whose origin and destination are San Francisco and Oakland on the one hand and the territory along U. S. Highway 99E between and including Roseville and Wheatland on the other hand. No passengers may be handled directly by Pacific Greyhound Lines to or from Roseville unless either origin or destination is east of Roseville or north of Chico.

Continental Trailways operates two interstate schedules daily in each direction providing service between San Francisco and Roseville. Transfer may be made between Gibson Lines and Continental Trailways schedules at the same depot in Sacramento, but the transfer

time interval is usually of considerable duration for points north of Roseville.

Ticket honoring arrangements have been made by applicant with Gibson Lines, Pacific Greyhound Lines and Continental Trailways to accept railroad tickets to and from points served by Trains Nos. 201 and 202. Pacific Greyhound Lines can render service at such points to persons with rail tickets even though it may be restricted from selling its own tickets for similar service itself. If authority is granted by the Commission to applicant to discontinue the operation of Trains Nos. 201 and 202, applicant nevertheless intends to keep on file with the Commission tariffs to points now served on the line so that the honoring arrangements with the bus companies now in effect may continue to be used by the public.

The Western Pacific Railroad provides rail service between Sacramento and Marysville. Travel between Sacramento and Marysville via the Western Pacific Railroad is shorter in time and distance than via Trains Nos. 201 and 202.

Southwest Airways operates three plane schedules in each direction daily between San Francisco and Redding via Oakland, Sacramento, Marysville, Chico and Red Bluff.

#### Position of Protestants

The only protestants at the hearing were the representatives of the operating railway brotherhoods. These protestants were primarily concerned with the general railway passenger situation of applicant and the alleged lack of a constructive approach to the problems which are confronting applicant with regard to its passenger service. These matters are the subject of Case No. 5829, the Commission Investigation regarding the adequacy of passenger service of Southern Pacific Company between points in California, which is presently in progress.

No evidence was introduced at the hearing either by these protestants or by the Commission staff which would require the denial of this application or justify this matter being held in abeyance until completion of the hearings on said Case No. 5829.

Conclusion

The record shows that the out-of-pocket losses resulting from the operation of Trains Nos. 201 and 202 are substantial and that the alternate service presently existing is adequate to serve the needs of the public. Under the circumstances of this application applicant will not be required to make separation studies showing its California intrastate results of operation. The Commission is of the opinion and hereby finds that public convenience and necessity no longer require applicant to operate its passenger Trains Nos. 201 and 202 between Sacramento and Gerber and intermediate points and that applicant's request for authority to discontinue the operation of said passenger trains should be granted.

O R D E R

A public hearing having been held in the above-entitled proceeding, the matter having been submitted and based upon the evidence of record and the conclusions and findings set forth in the preceding opinion,

IT IS ORDERED:

1. That Southern Pacific Company, the applicant herein, is hereby authorized to discontinue the operation of its passenger Trains Nos. 201 and 202 between Sacramento and Gerber and intermediate points.
2. That applicant shall cancel in conformity with the rules of this Commission all passenger timetables applicable to Trains Nos. 201 and 202, but shall continue to keep on file passenger

tariffs to and between points served by said trains on the date of this order so that applicant may sell tickets to and between said points which may be honored by Pacific Greyhound Lines, Gibson Lines and Continental Trailways.

3. That applicant shall give not less than seven days' notice to the public of its discontinuance of the passenger train service herein authorized by posting notices in Trains Nos. 201 and 202 and in agency stations involved.

4. That applicant shall notify the Commission in writing of the date of discontinuance of the operation of the passenger trains herein authorized within thirty days after the discontinuance of operation of said trains.

5. That the authorization herein granted shall expire if not exercised within six months from the date hereof.

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

Dated at San Francisco, California, this 2nd day of April, 1957.

John E. McNeill  
President

Paul L. Interisner

William H. Doolan

Ed. H. ...

E. Lynn Fox  
Commissioners