

ORIGINAL

Decision No. 66194

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 NORTHWESTERN PACIFIC RAILROAD COMPANY )  
 to substitute a once-weekly operation )  
 of passenger trains Nos. 3 and 4 for )  
 triweekly operation of said trains )  
 between Willits and Eureka. )

Application No. 45134

Randolph Karr and G. Edward Goodwin, for applicant.

Pillsbury, Madison & Sutro, by George A. Sears, for  
Dean Witter; William A. Ellis, for California  
 Legislative Board, Brotherhood of Locomotive  
 Firemen and Enginemen, AFL-CIO; Leonard M.  
Wickliffe, for Railroad Brotherhoods' California  
 Legislative Association; James E. Howe, and G. W.  
Ballard, for State Representative, California  
 Legislative Board, Brotherhood of Railroad  
 Trainmen, AFL-CIO; Clair J. Wagner, for Brotherhood  
 of Locomotive Firemen and Enginemen, protestants.

Thomas M. Montgomery, for Humboldt County Board of  
 Supervisors, interested party.

Albert C. Porter, for the Commission staff.

### O P I N I O N

Northwestern Pacific Railroad Company is presently operating a triweekly round-trip train service between Willits and Eureka and intermediate points through the Eel River Canyon. It herein seeks authority to reduce said train service to a single weekly round trip.

Public hearings were held before Examiner Daly at Willits, San Francisco and Eureka, with the matter being submitted on June 6, 1963.

Prior to 1956, applicant provided a daily overnight train service between San Rafael and Eureka with a connecting bus service being provided between San Francisco and San Rafael. By Decision No. 32991 dated June 2, 1956, in Application No. 37274, a triweekly

daytime service was substituted for daily service. By Decision No. 57488 dated October 21, 1958, in Application No. 39660, applicant was authorized to discontinue service between San Rafael and Willits and was authorized to use a self-propelled 68-passenger "Budd Car" in providing service between Willits and Eureka.

For a distance of approximately 70 miles Trains Nos. 3 and 4 operate through the beautiful and rugged Eel River Canyon. The railbed follows the course of the river very closely at approximately five feet above water level. Although there are no roads paralleling the river, most of the stations through the canyon can be reached by automobile from U. S. Highway 101, which is located approximately twenty miles west of the canyon. Said roads, however, pass over a ridge which, at most points, is 2,000 to 3,000 feet above the river. The roads are narrow and unpaved and are frequently impassable during the winter months.

At the present time Trains Nos. 3 and 4 provide passenger, express and mail service on a triweekly basis in each direction. Train No. 3 operates southbound from Eureka on Sundays, Wednesdays and Fridays and Train No. 4 operates northbound from Willits on Mondays, Thursdays and Saturdays. No service is provided on Tuesdays. A connecting bus service is provided at Willits by Western Greyhound Lines.

Northbound

W.G.L. Schedule No. 1352	Leave San Francisco	9:00 a.m.
	Arrive Willits	1:11 p.m.
Train No. 4	Leave Willits	1:45 p.m.
	Arrive Eureka	7:20 p.m.

Southbound

Train No. 3	Leave Eureka	9:05 a.m.
	Arrive Willits	2:37 p.m.
W.G.L. Schedule No. 1351	Leave Willits	3:55 p.m.
	Arrive San Francisco	7:50 p.m.

(Note. Trains Nos. 3 and 4 operate on Pacific Standard Time throughout the year, whereas Western Greyhound Lines operates on Daylight Saving Time during the summer months. The result is a difference in layover time in Willits during the winter and summer seasons.)

Under the proposed service applicant would provide a southbound service from Eureka on Saturdays and a northbound service from Willits on Sundays. Applicant contends that there is not sufficient use of the existing service to continue on a triweekly basis. The area has assertedly experienced economic difficulties due to a decline of the lumber business and, as a result, train patronage has fallen to the point where it is not economically feasible to continue passenger train service at its present level.

Applicant introduced in evidence the number of revenue passengers carried on Trains Nos. 3 and 4 between Willits and Eureka and intermediate points for the period January 1, 1961 to March 31, 1963 (Exhibit 6):

	<u>Total Per Year</u>	<u>Average Per Trip for Year</u>	<u>Average Per Trip Excluding School Children</u>
<u>1961</u>			
Train No. 3	3,149	20	15
Train No. 4	1,984	13	12
<u>1962</u>			
Train No. 3	2,881	19	12
Train No. 4	1,721	11	10
<u>1963 (1/1 to 3/31)</u>			
Train No. 3	440	12	10
Train No. 4	301	9	9

The following is a summary of the number of revenue passengers handled by applicant on Trains Nos. 3 and 4, excluding school children, for the years 1961, 1962 and 1963 (1/1 to 3/31) (Exhibit 7):

<u>Year 1961</u>						
	<u>Train No. 3</u>			<u>Train No. 4</u>		
	<u>Sun.</u>	<u>Wed.</u>	<u>Fri.</u>	<u>Mon.</u>	<u>Thurs.</u>	<u>Sat.</u>
Total	1,323	558	491	357	566	1,015
Average Per Trip	25.9	10.7	9.4	6.9	10.9	20.3
<u>Year 1962</u>						
Total	1,021	437	439	303	408	931
Average Per Trip	19.6	8.4	8.8	5.7	8.0	16.9
<u>Year 1963 (1/1 to 3/31)</u>						
Total	184	75	97	72	80	149
Average Per Trip	15.3	5.8	8.8	6.5	7.3	11.5

Applicant also made a comparative study of the revenue passengers handled by air, bus and rail to and from Eureka (Exhibit 16). It considered only those passengers having Eureka as their point of origin or destination and did not include those passengers who were passing through Eureka.

<u>Pacific Air Lines</u>		<u>Western Greyhound Lines</u>		<u>N.W.P.R. (Trains 3 &amp; 4)</u>	
<u>From Eureka</u>	<u>To Eureka</u>	<u>From Eureka</u>	<u>To Eureka</u>	<u>From Eureka</u>	<u>To Eureka</u>
<u>Year 1962</u>		<u>August 1962</u>		<u>Year 1962</u>	
<u>(Daily Service)</u>		<u>(Daily Service)</u>		<u>(Triweekly Service)</u>	
18,903	18,265	3,034	2,985	643	433
		<u>March 1963</u>			
		1,479	1,621		
<u>Average Per Day</u>		<u>Average Per Day</u>		<u>Average Per Day</u>	
52	50	73	74	2	1

The following is a study introduced by applicant for the purpose of reflecting the net results of passenger Trains Nos. 3 and 4 based upon directly assignable revenues and expenses for the year 1962 (Exhibit 24):

Revenues

1.	(102) Passenger .....	\$ 7,229
2.	(106) Mail .....	3,673
3.	(107) Express .....	275
4.	Total Revenues .....	<u>\$11,177</u>

Expenses

5.	(227) Station maintenance .....	\$ 248
6.	(317) Passenger car repairs .....	6,494
7.	(352) Outside agencies .....	744
8.	(373) Station employees .....	3,184
9.	(392) Train enginemen .....	11,272
10.	(394) Train fuel .....	1,502
11.	(398) Train lubricants .....	395
12.	(399) Other supplies for locomotives .....	180
13.	(400) Enginehouse expenses .....	390
14.	(401) Trainmen .....	22,578
15.	(402) Train supplies and expenses .....	3,119
16.	(420) Injuries to persons .....	9,347
17.	(452) General office clerks .....	636
18.	(Var.) Stationery and station supplies .....	100
19.	(Var.) Health and welfare .....	564
20.	(532) Payroll taxes .....	3,725
21.	(538) Rent for passenger car .....	10,121
22.	Total Expenses .....	<u>\$74,599</u>

Net Results

23.	Net Loss .....	\$63,422
-----	----------------	----------

If the proposed reduction in service is authorized applicant expects to realize the following annual savings (Exhibit 25):

	<u>Present Triweekly Operation</u>	<u>Proposed Weekly Operation</u>	<u>Decrease</u>
<u>Expenses</u>			
1. Crew wages	\$26,000	\$11,000	\$15,000
2. Express messenger	5,300	1,800	3,500
3. Fuel	1,500	500	1,000
4. Car servicing	3,700	1,200	2,500
5. Car repairs	11,700	3,900	7,800
6. Health and welfare	700	300	400
7. Payroll taxes	3,300	1,200	2,100
8. Injuries to persons	<u>9,300</u>	<u>3,100</u>	<u>6,200</u>
9. Total Expenses	\$61,500	\$23,000	\$38,500
<u>Revenues</u>			
10. Passenger revenue	\$ 7,200	\$ 1,800	\$ 5,400
<u>Savings</u>			
11. Line 9 less line 10	-	-	\$33,100

A study prepared by the staff indicated that the revenue passenger count, including school children, for the years 1959 through 1962 was as follows (Exhibit 28):

	<u>Revenue Passengers</u>			<u>Average Per Trip</u>		
	<u>Train No. 3</u>	<u>Train No. 4</u>	<u>Total</u>	<u>Train No. 3</u>	<u>Train No. 4</u>	<u>Total</u>
1959	3,202	2,256	5,458	21	15	36
1960	2,613	1,759	4,372	17	11	28
1961	3,149	1,984	5,133	20	13	33
1962	2,380	1,721	4,601	19	11	30

According to the staff a reduction in service as proposed would have the following estimated effect upon applicant's passenger train operation (Exhibit 29):

<u>Item</u>	<u>1962 Service</u>	<u>Proposed Service</u>	<u>Net Reduction</u>
<u>Revenues</u>			
1. Passenger	\$ 7,200	\$ 2,400	\$ 4,800
2. Mail	3,200	3,200	-
3. Express	900	900	-
4. Total Revenues	<u>11,300</u>	<u>6,500</u>	<u>4,800</u>
<u>Expenses</u>			
<u>Crew Wages</u>			
5. Engineer	11,300	3,800	7,500
6. Conductor	9,700	3,200	6,500
7. Brakeman	8,500	2,800	5,700
8. Baggage, Express and Mail	5,300	3,300	2,000
9. Total Crew	<u>34,800</u>	<u>13,100</u>	<u>21,700</u>
10. Payroll Taxes	2,900	1,100	1,800
11. Fuel	1,700	600	1,100
12. Running Repairs and Servicing	2,700	900	1,800
13. Backshop Repairs	1,900	600	1,300
14. Subtotal	<u>6,300</u>	<u>2,100</u>	<u>4,200</u>
<u>Interservice Adjustment to Expenses</u>			
15. Transportation of Company Materials	300	100	200
16. Transportation of Nonrevenue Passengers	<u>(7,200)</u>	<u>(2,400)</u>	<u>(4,800)</u>
17. Total Interservice Adjustment	<u>(6,900)</u>	<u>(2,300)</u>	<u>(4,600)</u>
18. Total Expenses	37,100	14,000	23,100
19. Net Income	<u>(25,800)</u>	<u>(7,500)</u>	<u>(18,300)</u>
20. Income Tax	<u>(14,100)</u> <sup>1/</sup>	<u>(4,100)</u> <sup>1/</sup>	<u>(10,000)</u>
21. Net After Income Tax	\$ <u>(11,700)</u>	\$ <u>(3,400)</u>	\$ <u>(8,300)</u>

(Red Figure)

<sup>1/</sup> The sums of \$14,100 and \$4,100 are the amounts by which the staff estimated that applicant's operating loss would be offset by a tax credit.

Applicant's estimated annual loss under the present service would not be an out-of-pocket savings if the reduction in service were authorized. According to applicant the estimated savings of \$33,100 is the maximum amount that would be saved if the service were reduced. Any savings over and above said amount, applicant admits, would be in the nature of allocable costs as contrasted with savable costs. It was further admitted by applicant that if the applicable 54 percent income tax rate were applied to the estimated savings of \$33,100 the actual savings would be less than one half of said amount.

According to the staff, accessibility to points in the Eel River Canyon is difficult by motor vehicle, and none of the points are served by public carriers. It was the opinion of the staff that a minimum passenger service is now being provided by Trains Nos. 3 and 4 and the staff therefore recommended that the triweekly service be continued.

A total of thirty-two public witnesses testified in protest to the authority sought. Twelve testified in Willits and for the most part were residents from points within the Eel River Canyon, such as Bell Springs, Spyrock, and Dos Rios. Four testified at San Francisco and eleven testified at Eureka. Resolutions in opposition to the proposed reduction in service were introduced in evidence on behalf of the Ukiah, Willits, Mendocino County, Eureka, Rio Dell, and Fortuna Chambers of Commerce and on behalf of the Humboldt County Board of Trade, the Humboldt County Board of Supervisors, the City Council of Eureka, and the City Council of Ukiah.

In brief, the residents and property owners within the Eel River Canyon testified that they rely upon the passenger train service, particularly during the winter months when such transportation is frequently the only means of ingress and egress to and from

the Canyon. Several were concerned about transportation in times of emergencies, although applicant on the record offered emergency service either by means of the freight trains, which will continue to operate on a daily basis, push cars, or motor rail cars. Most of the witnesses were of the opinion that applicant has not done enough to promote interest in the trains. Applicant has admittedly spent little or nothing in advertising on the ground that the little increase in patronage that might result would not be sufficient to offset the additional cost.

Representatives from the various Chambers of Commerce pointed out that the Eel River Canyon is a beautiful recreational area and that proper promotion of the trains could attract numerous tourists. As an example, they referred to the success experienced by California Western Railroad which operates the "Skunk Trains" between Willits and Fort Bragg.

Exhibit 21 sets forth a comparison between the operations of Trains Nos. 3 and 4 as against the Skunk Trains for the years 1957 through 1962:

Year	Passenger Train Miles		Passengers Carried		Passenger Revenues	
	3 & 4	"Skunk"	3 & 4	"Skunk"	3 & 4	"Skunk"
1957	87,050	38,520	12,475	16,223	\$38,408	\$21,829
1958	69,823	42,028	10,919	22,598	35,715	32,334
1959	44,057	52,823	6,216	37,624	6,919	57,860
1960	44,582	54,694	4,336	39,414	5,398	60,977
1961	45,811	59,636	9,480	44,359	15,236	69,349
1962	45,159	60,520	8,580	39,161	7,524	60,294

The chairman of the Pacific Coast Chapter Railway and Locomotive Historical Society testified that over the past several years his organization has contributed extensively to obtaining passengers for Trains Nos. 3 and 4 via tour groups. During 1961 they provided 130 passengers, which resulted in a total revenue of \$825.70 and in 1962 they provided a total of 294 passengers, which resulted

in a total revenue of \$1,901.80. This witness was also of the opinion that proper promotion and advertising could materially improve the patronage of Trains Nos. 3 and 4.

Dean Witter, who owns a large ranch located at Kekawaka, testified that he would have more sympathy with the effort of applicant if it were suffering dollarwise. According to the witness, applicant is conducting a highly profitable operation, which is directly beneficial to the parent, Southern Pacific Company. In support of his position he introduced in evidence the following information, which was taken from the annual reports filed with this Commission by applicant for the years 1959 through 1962 (Exhibit 19):

NORTHWESTERN PACIFIC RAILROAD COMPANY  
Net Loss on Passenger Service Compared to  
Net Revenue on Freight, 1959 - 1962

<u>Year</u>	<u>Net Freight Revenue</u>	<u>Net Passenger Loss</u>	<u>Percent Loss to Revenue</u>
1959	\$6,010,332	\$(133,692)	2.2
1960	4,318,674	(252,607)	3.5
1961	4,968,067	( 59,814)	1.2
1962	5,665,581	( 87,116)	1.5

(Red Figure)

During the proceedings counsel for Dean Witter filed a petition requesting the Commission to investigate the desirability of re-establishing daily operations of Trains Nos. 3 and 4.

After consideration the Commission finds that:

1. Although applicant is operating its passenger train service between Willits and Eureka at a loss said loss is negligible by comparison to its over-all operations, which are profitable.

2. If service were reduced as proposed the actual annual savings that applicant would realize therefrom would be relatively small, ranging between \$8,000, as estimated by the staff, and \$16,000, as estimated by applicant, after allowing for an appropriate tax credit.

3. There are many residents of the Eel River Canyon that rely upon the services of Trains Nos. 3 and 4, particularly during the winter months, when certain of the roads within the Canyon are impassable. A single weekly round-trip service would not adequately meet their needs.

4. With the exception of publishing timetables applicant had done practically nothing in the way of advertising to promote patronage on Trains Nos. 3 and 4.

5. Through group tour advertising the Railway and Locomotive Historical Society more than doubled their patronage of Trains Nos. 3 and 4 in a period of less than two years.

6. If applicant adjusted its time schedules so as to conform with Pacific Standard Time and Daylight Saving Time when each is in effect, the result would eliminate possible confusion and would make it more convenient for through passengers.

7. Applicant is presently operating a minimum service. Any further reduction would be tantamount to abandonment.

The Commission concludes that:

1. The application should be denied.
2. The petition to investigate the need for increased service should be denied.

ORDER

IT IS ORDERED that:

- 1. Application No. 45134 is denied.
- 2. After the effective date hereof, applicant shall operate

Trains Nos. 3 and 4 in conformity with Pacific Standard Time and Daylight Saving Time when each is in effect, and on not less than five days' notice to the Commission and to the public applicant shall amend its timetables presently on file with the Commission to reflect such change.

- 3. The petition to investigate the need for increased service is denied.

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

Dated at San Francisco, California, this 22nd day of OCTOBER, 1963.

*[Signature]* President  
*[Signature]*  
*[Signature]*  
*[Signature]* Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.