

Decision No. 68686**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ATCHISON, TOPEKA AND
SANTA FE RAILWAY COMPANY, SANTA FE
TRANSPORTATION COMPANY and SOUTHERN
PACIFIC COMPANY to discontinue cer-
tain passenger-train and connecting
highway-carrier services between
San Francisco and Los Angeles.

Application No. 46660
(Filed May 22, 1964)

Frederick G. Pfrommer and Leland E. Butler, for The Atchison, Topeka and Santa Fe Railway Company and Santa Fe Transportation Company; Charles W. Burkett and James J. Trabucco, for Southern Pacific Company, applicants.

George W. Ballard and P. J. Matthews, for Brotherhood of Railroad Trainmen, AFL-CIO; James L. Evans, for Brotherhood of Local Firemen and Engineers, Legislative Board; Thomas E. Hughes, for United Federation of Postal Clerks; Leonard M. Wickliffe, for Railroad Brotherhoods California Legislative Association; Howard W. Taggart, for Brotherhood of Railway Clerks and Railroad Brotherhoods California Legislative Association; George P. Lechner, for Order of Railway Conductors and Brakemen; David M. Kennedy, for Robert H. Balda, for the City of Fresno; Harvey L. Hurlburt, for the City of Hanford, City of Corcoran, County of Kings, and Hanford Chamber of Commerce; Stanton M. Levy, in propria persona, protestants.

R. W. Russell, by K. D. Walpert, for the City of Los Angeles; Orville Wright and Robert Laughhead, for the City and County of San Francisco; Kenneth W. Hoagland, for the City of Bakersfield; Robert Edgar Sanderson, in propria persona, interested parties.

Harold J. McCarthy, for the Commission staff.

O P I N I O N

The Atchison, Topeka and Santa Fe Railway Company (hereinafter referred to as Santa Fe), Santa Fe Transportation Company, and Southern Pacific Company (hereinafter referred to as Southern Pacific) request authority to discontinue certain passenger trains and connecting bus service between San Francisco and Los Angeles.

Public hearings were held before Commissioner Bennett and Examiner Daly at San Francisco, Stockton, Fresno, Bakersfield and Los Angeles, with the matter being submitted on November 18, 1964. Notice of hearing was mailed to all interested governmental agencies and was published in newspapers of general circulation throughout the areas covered by the application.

At the present time, Santa Fe operates three daily passenger trains in each direction between San Francisco and Bakersfield via the San Joaquin Valley. Santa Fe Transportation Company provides a connecting bus service between Bakersfield and Los Angeles. Southern Pacific presently operates two daily trains in each direction between San Francisco and Los Angeles via the San Joaquin Valley.

By the instant application Santa Fe proposes to discontinue the Golden Gate Trains Nos. 60 and 63, and its subsidiary Santa Fe Transportation Company proposes to discontinue connecting bus service not only for Trains Nos. 60 and 63, but also the alternate bus service from Los Angeles to Bakersfield for the Southern Pacific San Joaquin Daylight Train No. 51. Applicant Southern Pacific proposes to discontinue the Owl Trains Nos. 57 and 58.

The following is the existing scheduled service provided by applicants between San Francisco, Bakersfield and Los Angeles (Exhibit 2):

Southbound
(Pacific Standard Time)

	SP Cwl No. 58	AT&SF Golden Gate No. 62	AT&SF SF Chief No. 2	AT&SF Golden Gate No. 60	SP Sacramento Daylight No. 54-52	SP San Joaquin Daylight No. 52
Lv SF	8:35P	5:15P	11:15A	6:45A		6:10A
Lv Sacramento					6:45A	
Ar Bakersfield	4:31A	11:40P	5:20P	1:10P	1:47P	1:47P
Lv Bakersfield	4:43A	11:50P		1:20P	1:58P	1:58P
Ar LA	10:00A	2:25A		4:00P	7:00P	7:00P

Northbound
(Pacific Standard Time)

	AT&SF SF Chief No. 1	SP San Joaquin Daylight No. 51	SP Sac- ramento Daylight No. 51-53	AT&SF Bus SP No. 51	AT&SF Golden Gate No. 63	AT&SF No. 7	SP Cwl No. 57
Lv LA		5:40A	5:40A	7:10A	10:10A		8:30P
Ar Bakersfield		10:38A	10:38A	10:10A	1:10P		2:03A
Lv Bakersfield	7:00A	10:48A	10:48A		1:45P	8:25P	2:17A
Ar SF	1:30P	6:45P			7:55P	4:15A	10:10A

If the application is granted applicants propose the following scheduled service between the points herein considered (Exhibit 3):

Southbound
(Pacific Standard Time)

	AT&SF Golden Gate No. 62	AT&SF SF Chief No. 2	SP Sacramento Daylight No. 54-52	SP San Joaquin Daylight No. 52
Lv SF	4:45P	11:15A		6:10A
Lv Sacramento			6:45A	
Ar Bakersfield	11:00P	5:20P	1:47P	1:47P
Lv Bakersfield	11:00P		1:58P	1:58P
Ar LA	1:30A		7:00P	7:00P

Northbound
(Pacific Standard Time)

	AT&SF SF Chief No. 1	SP San Joaquin Daylight No. 51	SP Sac- ramento Daylight No. 51-53	AT&SF No. 7
Lv LA		5:40A	5:40A	5:10P
Ar Bakersfield		10:38A	10:38A	8:10P
Lv Bakersfield	7:00A	10:48A	10:48A	8:15P
Ar Sacramento			5:20P	
Ar SF	1:30P	6:45P		3:25A

Rail passenger service is presently provided to the major points within the San Joaquin Valley. To a great extent the Santa Fe Golden Gate trains and the Southern Pacific Owl trains serve the same points with the exception of the area between Tracy and Fresno. Within said area the Santa Fe serves the major points on the east side of the Valley, whereas the Southern Pacific, through its Owl trains, provides the only rail passenger service to such west side points as Patterson, Newman, Gustine, Los Banos, Dos Palos, Firebaugh, Mendota and Kernan.

The consist of the Owl trains is one coach, one vendo-car one Pullman and two or three head-end cars. The consist of the Golden Gate trains is usually two coaches, one vendo-car, and one head-end car. Tickets of applicants are interchangeable on the Valley service.

Applicants contend that they are presently operating the Golden Gate trains and the Owl trains, as well as the connecting bus service, at a substantial out-of-pocket loss and that public convenience and necessity no longer require their continuance.

Santa Fe's Case

According to the General Passenger Traffic Manager of Santa Fe, it is a matter of company policy to provide the best systemwide passenger service and, where possible, to eliminate a burdensome passenger operation in order that company money and energy can be directed toward passenger operations that fill a public need. He testified that Santa Fe has spent 73 million dollars since 1950 in passenger equipment, a good portion of which is being used to transport intrastate passengers in California. Notwithstanding the new equipment and the inauguration of such

programs as the family plan and the student group plan (which provide for reduced rates) to stimulate greater patronage, he testified that public use has gradually decreased. Since 1948, the passengers handled on Trains Nos. 60 and 63 have steadily declined from a total of 262,953 to 85,367 in 1963 (Exhibit 4). According to Santa Fe the loss cannot be attributable to high rates, for the coordinated (rail-bus) fares have experienced only a modest increase from the one-way fare of \$6.00 and round-trip fare of \$10.80 in 1938, to the present one-way fare of \$10.50 and round-trip fare of \$18.90 (Exhibit 7).

It is the contention of Santa Fe that to a large measure the public has been diverted to other means of transportation. There are at present 539 daily bus schedules to, from and between San Joaquin Valley points and between said points and points within the Los Angeles and San Francisco Bay areas (Exhibit 14). During the course of a single week there are 7,348 seats available on scheduled airlines between San Francisco and Fresno, 4,180 seats available between San Francisco and Bakersfield, 110,184 seats available between San Francisco and Los Angeles, 4,796 seats available between Bakersfield and Los Angeles, 5,588 seats available between Los Angeles and Fresno and 4,796 seats available between Fresno and Bakersfield (Exhibit 15). According to Santa Fe the private automobile also constitutes a serious source of competition. The passenger automobile registration through the San Joaquin Valley increased from 794,786 in 1949 to 1,477,519 in 1963 (Exhibit 16).

The following is a breakdown submitted by Santa Fe of the out-of-pocket costs and net revenues applicable to Trains Nos. 60 and 63 and their connecting bus service for the constructive current year (Exhibit 20):

	<u>Train No. 60</u>	<u>Train No. 63</u>	<u>Total</u>
Total Railway Operating Revenues	\$158,180	\$217,912	\$376,092
Plus SFT Portion of Ticket Revenue	<u>51,102</u>	<u>50,157</u>	<u>101,259</u>
Total Revenues	\$209,282	\$268,069	\$477,351
Total Railway Operating Expenses, Taxes & Rents	\$378,287	\$419,242	\$797,529
SFT Operating Costs, Taxes & Rents	<u>57,687</u>	<u>55,898</u>	<u>113,585</u>
Total Expenses	\$435,974	\$475,140	\$911,114
Net Revenue (Out-of-Pocket) Deficit	\$226,692	\$207,071	\$433,763

Southern Pacific's Case

Southern Pacific operates 10 trains daily between San Francisco and Los Angeles, six of which operate via the coast route. The principal passenger trains operating via the Valley route are the San Joaquin Daylight Trains Nos. 51 and 52. These trains connect at Lathrop with the Sacramento Daylight Trains Nos. 53 and 54, which serve Lodi and Stockton. Said trains operate along the east side of the Valley serving such points as Modesto, Turlock, Merced and Madera.

The Assistant Passenger Traffic Manager for Southern Pacific Company testified that the Owl trains are primarily engaged in the transportation of head-end traffic and that only 25 percent of the income is derived from the passenger operation. According to the witness, 80 percent of the passengers transported by the Owl trains moved between the San Francisco and Los Angeles areas and the majority of these passengers used the service to connect with the Shasta Daylight trains, which operate between the San

Francisco Bay area and Portland, Oregon. Prior to May 20, 1964, the Shasta Daylight trains operated daily from May 29 to September 14, inclusive, and from December 15 to January 14, inclusive. During the balance of the year said trains operated triweekly, Sundays, Wednesdays and Fridays, northbound; and Mondays, Thursdays and Saturdays, southbound. Pursuant to a recent order of the Interstate Commerce Commission the Shasta Daylight trains presently operate from June 10 to Labor Day, inclusive. The witness testified that approximately 90 percent of the passengers, who formerly used the Owl trains and the Shasta Daylight trains between Los Angeles and the Pacific Northwest, now use the San Joaquin Daylight and the Cascade trains.

In an attempt to minimize losses on the Owl trains Southern Pacific eliminated the full dining car and substituted an automatic buffet car, but the resulting economy when compared to the overall operating costs was assertedly negligible. In the event the Owl trains are discontinued, it is the contention of Southern Pacific that the west side of the Valley would be adequately served by Western Greyhound Lines, which provides service to Patterson, Newman, Gustine, Los Banos, Dos Palos, Firebaugh, Mendota and Kerman.

The following tabulation sets forth the daily average number of revenue passengers that used the Owl trains for the periods indicated (Exhibit 29):

	1964				
	<u>May 11-31</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>
Train 57	26	61	70	71	35
Train 58	25	51	59	59	27

During the month of September 1964, Train No. 57 averaged six first class revenue passengers (Pullman) and Train No. 58 averaged three first class revenue passengers (Pullman). (Exhibit 31.)

Southern Pacific is assertedly experiencing an estimated annual loss of \$16,582,841 from its California intrastate operations. A loss of \$5,360,616 is attributable to its passenger operation and a loss of \$11,222,255 is attributable to its freight operations. (Exhibit 39.) An estimated number of passengers handled by Southern Pacific trains between Los Angeles, on the one hand, and San Francisco and Sacramento, on the other hand, has dropped from 1,543,162 in 1949, to 445,180 in 1963. (Exhibit 23.)

Predicated upon a systemwide unit cost method, Southern Pacific submitted the revenues and expenses of the Owl trains for a twelve-month period. (Exhibit 42.) The study admittedly includes expenses which, though they cannot be directly related to a particular train, are according to Southern Pacific, legitimate charges that must be considered. In developing unit costs, accounts are separated into variable costs and fixed costs. Only the variable costs are assigned to the service units.

Revenues and Expenses of Trains
Nos. 57-58 for Twelve-Month Period

<u>Revenues</u>	<u>Amount</u>
Passenger	\$ 210,000
Mail	544,000
Express	-
Baggage & Newspaper	12,000
Dining & Buffet	18,000
Total Revenues	<u>\$ 784,000</u>
<u>Expenses</u>	
Wages - Train & Enginemen	407,000
Servicing - Diesel Locomotives	34,000
Servicing - Passenger Cars	90,000
Repairs - Diesel Locomotives	184,000
Repairs - Passenger Cars	200,000
Dining & Buffet Service	36,000
Casualties	23,000
Switching	46,000
Station Employees	78,000
Maintenance of Way and Structures	83,000
Health and Welfare	31,000
Payroll Taxes	63,000
Train Fuel	70,000
Depreciation - Diesel Locomotives	78,000
Depreciation - Passenger Cars	29,000
Interest - Diesel Locomotives	14,000
Interest - Passenger Cars	-
Pullman Service	49,000
Passenger Bus Service	15,000
Joint Facilities (LAUPT)	73,000
Station Supplies & Expenses	6,000
All Other Transportation	17,000
All Other Maintenance of Equipment	12,000
Traffic	28,000
General	18,000
Haul of Company Material	13,000
Health and Welfare	3,000
Payroll Taxes	5,000
Total Expenses	<u>\$1,705,000</u>
Total Net Loss	921,000

Staff's Case

A Commission engineer testified that he rode Train No. 58 on October 21, 1964, Train No. 57 on October 22, 1964, Train No. 60 on October 29, 1964 and Train No. 63 on October 30, 1964. According to the witness the equipment on both railroads was of the lightweight, airconditioned type and was well maintained.

A traffic check conducted by the staff for the month of August 1964 indicated that Santa Fe Trains Nos. 60 and 63 transported an average of 148 and 174 revenue passengers per day, respectively, and that Southern Pacific Trains Nos. 57 and 58 transported 84 and 74 revenue passengers per day, respectively. From September 1963 to and including August 1964, Southern Pacific Trains Nos. 57 and 58 made 732 trips and had an on-time performance of 49 percent (15 minutes or less considered on time). For the period from June 1963 to May 1964, inclusive, Santa Fe Trains Nos. 60 and 63 made the same number of trips and had an on-time performance of 95 percent.

The staff also presented an engineering-economic study on an out-of-pocket expense basis for the trains involved. (Exhibit 59.) Passenger revenues were estimated on the basis of traffic for the 12-month period ending June 30, 1964. Because of the change in operations of the Shasta Daylight trains, which provided substantial feeder traffic for the Owl trains, the staff adjusted the revenue figure to reflect the traffic to be experienced for a full year subsequent to the change.

Expenses were determined on an out-of-pocket basis and were defined as those expenses that would be saved if the operations did not take place. Most of the expenses were developed by applying unit costs, which were determined by spreading the variable portion of system expenses over system service units. System expenses and system service units were based upon company reports. Other expenses, as determined by the staff were based on actual costs of operating the specific trains and buses.

Estimated Results of Operation on Out-of-Pocket
Expense Basis of Trains Nos. 60 and 63 of Santa Fe
For 12 Months Ended June 30, 1964

<u>Line No.</u>	<u>Item</u>	
<u>Revenues</u>		
1	Passenger - "Golden Gate"	\$ 341,488
2	Passenger - Feeder Trains	29,436
3	Mail	-
4	Express	-
5	Dining & Buffet	33,800
6	Baggage	<u>804</u>
7	Total Revenue	\$ 405,528
<u>Expenses</u>		
8	Out-of-Pocket	\$ 747,084
<u>Inter-Service Adjustments to Expenses</u>		
<u>Freight Service Performed for</u>		
<u>Benefit of Passenger Service:</u>		
9	Haul of Company Materials	7,131
<u>Passenger Service Performed for</u>		
<u>Benefit of Freight Service:</u>		
10	Transportation of Pass Riders	<u>(42,512)</u>
11	Adjusted Out-of-Pocket Expense (L.8 + L.9 - L.10)	711,643
<u>Operating Results</u>		
12	Net Income Before Taxes (L.7 - L.11)	<u>(306,115)</u>
13	Income Taxes (52.75% x L.12)	<u>161,476</u>
14	Net Income After Taxes (L.12 - L.13)	<u>(145,788)</u>

Red Figure

Estimated Results of Operation on Out-of-Pocket
Expense Basis of Trains Nos. 57 and 58
of Southern Pacific Company
For 12 Months Ended June 30, 1964

<u>Line No.</u>	<u>Item</u>	
<u>Revenues</u>		
1	Passenger - "The Owl"	\$ 216,954
2	Passenger - Feeder Trains	77,160
3	Mail	544,000
4	Express	-
5	Dining - Buffet	18,000
6	Baggage	<u>12,000</u>
7	Total Revenue	\$ 868,114
<u>Expenses</u>		
8	Out-of-Pocket	\$1,312,509
<u>Inter-Service Adjustments to Expenses</u>		
Freight Service Performed for Benefit of Passenger Service:		
9	E haul of Company Materials	8,054
Passenger Service Performed for Benefit of Freight Service:		
10	Transportation of Pass Riders	(139,646)
11	Adjusted Out-of-Pocket Expense (L.8 + L.9 - L.10)	1,180,917
<u>Operating Results</u>		
12	Net Income Before Taxes (L.7 - L.11)	(312,803)
13	Income Taxes (52.75% x L.12)	165,004
14	Net Income After Taxes (L.12 - L.13)	(147,799)

(Red Figure)

The main points of difference between the staff's cost analysis and that of applicants' relate to constructive revenue, feeder revenue, the allocation of locomotive repairs and depreciation, and income tax credits. With respect to constructive revenue the staff made allowance for company employees traveling on passes

when on company business, upon the premise that such travel constitutes a benefit to the company. On feeder revenue the staff estimated the amount of revenue that would be lost to connecting trains of applicants if the trains herein considered were discontinued. In determining feeder revenue the staff relied upon a formula used by the Interstate Commerce Commission, whereas applicants used a judgment figure based upon known conditions of the trains involved. With respect to locomotive repairs and depreciation the staff employed different unit costs and determined depreciation on the basis of a 25-year life as against a 20-year life employed by applicants. In determining the net loss applicable to each operation the staff decreased the total loss by the amount that each would result in an income tax credit. Applicants contend that tax credits can only be determined on a systemwide basis and cannot be made applicable to an out-of-pocket study relating only to a segment of an operation.

Public Witness Testimony and
Statements of Position

San Francisco

1. Mr. R. E. Sanderson uses the Santa Fe trains approximately thirty times a year and finds such service more convenient than bus service or use of a private car. He was of the opinion that the 4:45 p.m. departure time of Train No. 62 would be of great inconvenience to people who have to work until 5 p.m. He was also of the opinion that the 3:25 a.m. San Francisco arrival time of Train No. 7 would also prove inconvenient to the public.

Stockton

1. Mr. Paul William Curry, a Stockton businessman, who uses the Owl trains, testified that Santa Fe and Southern Pacific have systematically discouraged public patronage of their respective passenger services.
2. Mr. Jack Hirsch, local chairman for the Brotherhood of Locomotive Engineers and an engineer on the Owl trains, testified that the present Tracy depot lacks the necessary facilities for passenger comfort and safety. He further

testified that during the summer harvest season, delays are frequently occasioned when the superior passenger Trains Nos. 57 and 58 are sidetracked for freight trains.

3. Mr. Loren W. Powell, a member of the San Joaquin County Board of Supervisors, and appearing on his own behalf, testified that in his opinion the granting of the application would have an adverse effect upon the San Joaquin area and, in particular, upon students, shippers and business people traveling between Stockton and the San Francisco Bay area.
4. Philip Wodaman, professor at the University of Pacific and, at the time, a candidate for the State Assembly, testified that the San Joaquin Valley could experience a population explosion within the near future and present conditions should be considered in the light of possible future needs for public transportation.

Fresno

1. Mr. Stanton M. Levy, an attorney appearing on behalf of certain private individuals, stated that discontinuance of the Santa Fe trains would work a hardship on approximately 15 deaf-mute children, who use the trains on weekends between their school in Berkeley and their homes in Stockton and Modesto. He further stated that discontinuance of service would work a hardship on elderly people suffering from arthritis.
2. Mr. Harry Hurlburt, City Manager of the City of Hanford, also appeared on behalf of the County of Kings, City of Corcoran and the Hanford Chamber of Commerce. He stated that the Hanford area has experienced a phenomenal growth and development. Lemoore Naval Air Station has 7,000 personnel who depend to some extent upon public transportation. He further stated that Santa Fe provides the only rail service between Kings County and the metropolitan areas. The only bus service is provided eastward by the Orange Belt Lines, where it connects with the north and south schedules of Western Greyhound Lines. According to Mr. Hurlburt, the only available airline service is provided at Fresno, which is 35 miles north of Hanford, and there is a possibility that the service of United Airlines may be discontinued in the near future. The proposed schedules of Santa Fe, he argued, would not be convenient for naval personnel wishing to travel to San Diego without having an overnight stop at Los Angeles.
3. David M. Kennedy, City Attorney for the City of Fresno, argued that the City of Fresno is also experiencing a great population growth and that discontinuance of the trains herein considered would have an adverse effect upon the economy of the area.

Bakersfield

1. Kenneth W. Hoagland, City Attorney for the City of Bakersfield, argued that discontinuance of rail service as proposed would have a harmful effect upon the Bakersfield area. It would further burden overcrowded highways and would constitute a hardship on the traveling public, particularly during the winter months when tule fogs make air travel impossible and travel on the highways extremely dangerous.
2. Miss Ysabel Forker, a resident of Bakersfield, stated that she prefers to use the trains between Bakersfield and San Francisco, the University of California Berkeley Campus and Sacramento. She was of the opinion that with a possible reduction of rail and airline service, Bakersfield could be considered a fifth-rate city.

Los Angeles

1. Mr. Walter Sievert, a resident of Pasadena, stated that he travels to San Francisco approximately six times a year and on such occasions uses either the Golden Gate or Owl trains. He prefers rail travel to other means of transportation, including his own automobile.
2. Charles D. Curtner, president of the Los Angeles Branch 827, United Federation of Postal Clerks, argued that the movement of mail is one of the important social contributions of the railroads and it is being gored by a continual curtailment of passenger train service. He further argued that the railroads are abandoning mail and passenger service in favor of the more profitable freight business.

Findings

After consideration the Commission finds that:

1. Santa Fe presently operates the Golden Gate Trains Nos. 60 and 63 between San Francisco and Bakersfield. Santa Fe Transportation Company provides a connecting bus service for the parent company between Bakersfield and Los Angeles. In addition thereto, Santa Fe Transportation Company provides an alternate bus service from Los Angeles to Bakersfield for Southern Pacific Train No. 51.

1/ Mr. Thomas E. Hughes, also representing the United Federation of Postal Clerks, testified in San Francisco and opposed the discontinuance of Trains Nos. 57 and 58.

Southern Pacific presently operates Trains Nos. 57 and 58 between San Francisco and Los Angeles via the San Joaquin Valley.

2. With the discontinuance of the "Shasta Daylight" Trains Nos. 9 and 10, except for the summer months, patronage on the Southern Pacific Owl Trains Nos. 57 and 58 has declined to the point where said trains are primarily conducting head-end operations.

3. Operation of the Santa Fe and Southern Pacific Trains Nos. 60, 63, 57 and 58 are conducted at a financial loss. Considered on the basis of the staff's more conservative estimates, without trying to resolve the differences between the staff's cost analysis and that of applicants, and without considering any possible tax credit that may result therefrom, Santa Fe Trains Nos. 60 and 63 will have experienced a loss of \$306,115 and Southern Pacific Trains Nos. 57 and 58 will have experienced a loss of \$312,803 for the twelve months ending June 30, 1964.

4. Although the Santa Fe Trains Nos. 60 and 63 carry more passengers than any other Santa Fe trains operating through the San Joaquin Valley, they duplicate to a great extent the operations of Southern Pacific's San Joaquin Daylight Trains Nos. 51 and 52. The Southern Pacific trains, however, have a much slower running time than the Santa Fe trains, because of slower speeds, due mostly to extra time at stations in handling head-end business, and because of the more circuitous rail route between Bakersfield and Los Angeles. In addition, their composite on-time performance is only 74 percent as compared to the composite on-time performance of 95 percent for the Santa Fe trains.

5. Discontinuance of the Southern Pacific Trains Nos. 57 and 58 would eliminate all rail passenger service to the following

points on the west side of the San Joaquin Valley: Patterson, Newman, Gustine, Los Banos, Dos Palos, Firebaugh, Mendota and Kerman. With the exception of the City of Los Banos, all of said cities have informed the Commission by letters that they support the application.

6. Discontinuance of the connecting bus service provided by Santa Fe Transportation Company with the Santa Fe Trains Nos. 60 and 63 would eliminate connecting bus service for passengers located at Burbank and Pasadena.

Conclusions

Based on the foregoing findings, the Commission concludes as follows:

(1) The record clearly demonstrates that the trains herein considered are operating at a financial loss. That in itself, however, is not the determining factor for authorizing discontinuance. Where a demonstrated public need has been established this Commission has steadfastly refused to authorize the discontinuance of passenger trains even though operating at a deficit. In the instant proceeding public hearings were held at the major points within the affected areas. Although notice of the hearings was mailed to all interested governmental agencies and was published in various newspapers of general circulation, the public reaction was apathetic to say the least.

(2) It is apparent that the Southern Pacific Owl Trains Nos. 57 and 58 performed a feeder service for the Shasta Daylight trains. With the discontinuance of the Shasta Daylight trains, except for the summer months, the operation of the Owl trains has been relegated to that of transporting mail and baggage.

(3) The Santa Fe Golden Gate Trains Nos. 60 and 63 are competitive with the Southern Pacific San Joaquin Daylight Trains Nos. 51 and 52. They operate on a daytime schedule and serve substantially the same points. It is difficult enough for the railroads to compete with the bus companies and airlines as well as the private automobile, without directly competing with one another. All things being equal, discontinuance of one of the trains would very likely increase the patronage of the other and thereby improve the other's financial performance. However, when comparing the Santa Fe Golden Gate Trains Nos. 60 and 63 and the Southern Pacific Trains Nos. 51 and 52 all things are not equal. The overall running time of Southern Pacific Trains Nos. 51 and 52 between San Francisco and Los Angeles is 12 hours and 10 minutes and 12 hours and five minutes, respectively, whereas the overall running time of Santa Fe Trains Nos. 60 and 63 is 9 hours and 15 minutes and 9 hours and forty-five minutes, respectively. This is due in part to the longer rail route between Bakersfield and Los Angeles. The on-time performance of the Golden Gate trains is superior to that of the San Joaquin Daylight trains. It is more than likely that by utilizing a connecting bus service between Bakersfield and Los Angeles and by diverting some, or all, of the head-end business to truck service, applicants herein through a joint effort could make the San Joaquin Daylight trains more attractive to the traveling public and a more suitable replacement for the Golden Gate trains.

(4) The requested authority will be granted upon the condition that within twenty days after the effective date hereof applicants herein file with the Commission a more appropriate and satisfactory schedule covering the operation of the San Joaquin Daylight Trains

Nos. 51 and 52. Such a schedule should give consideration to the following:

- a. Improving the on-time performance of the San Joaquin Daylight Trains Nos. 51 and 52.
- b. Reducing the running time between stations through the San Joaquin Valley for Trains Nos. 51 and 52 so as to make it comparable to that now provided by the Golden Gate Trains Nos. 60 and 63.
- c. Providing an alternate connecting bus service by Santa Fe Transportation Company for the San Joaquin Daylight Trains Nos. 51 and 52 between Bakersfield and Los Angeles, serving the same points as are now being served by the Golden Gate Trains Nos. 60 and 63.
- d. Informing the public by appropriate advertising of the faster service available by the bus-rail connection at Bakersfield.
- e. Continuing joint ticket honoring arrangements, as is now done, between Santa Fe and Southern Pacific.

(5) Southern Pacific may discontinue the Pullman sleeping car service on Owl Trains Nos. 57 and 58.

Subsequent to the date of submission of this matter, Southern Pacific filed a petition for interim relief requesting authority to discontinue the Pullman cars on the Owl trains pending final determination. If the petition had been filed during the course of hearing a saving in time could have been realized, but having been filed after submission, it is difficult to see what purpose it serves.

ORDER

IT IS ORDERED that:

(1) Applicants are hereby granted the following authority subject to the condition precedent as set forth in ordering paragraph (3) hereof:

(a) The Atchison, Topeka and Santa Fe Railway Company and Santa Fe Transportation Company are hereby authorized to discontinue Golden Gate Trains Nos. 60 and 63 between San Francisco and Bakersfield and may inaugurate their proposed schedules for Trains Nos. 62 and 7 along with connecting bus service between San Francisco and Los Angeles.

(b) Santa Fe Transportation Company is hereby authorized to discontinue connecting bus service for Golden Gate Trains Nos. 60 and 63 between Bakersfield and Los Angeles.

(c) Southern Pacific Company is hereby authorized to discontinue Owl Trains Nos. 57 and 58 between San Francisco and Los Angeles.

(2) Within ninety days after the effective date hereof, applicants shall do the following:

(a) After the effective date of this order and on not less than ten days' notice to the Commission and to the public, file appropriate tariffs and timetables reflecting the authority herein granted.

(b) Post notice of discontinuance of service in all trains, buses and terminals affected hereby for a period of at least ten days prior thereto.

(c) Publish notice of discontinuance of service at least ten days prior thereto in newspapers of general circulation within the following areas: San Francisco, Sacramento, Stockton, Fresno, Bakersfield and Los Angeles.

(3) The authority granted in ordering paragraph (1) hereof is subject to the following condition precedent:

Within twenty days after the effective date hereof, applicants herein shall file in this proceeding a proposed schedule acceptable to the Commission

covering the operations of San Joaquin Daylight Trains Nos. 51 and 52 with connecting bus service, as outlined in the conclusions herein.

(4) If applicants fail to file in this proceeding a proposed schedule within the time specified as set forth in ordering paragraph (3) hereof, or in the event the Commission, within twenty days thereafter, disapproves said filing by formal order, the application in all respects, other than as set forth in ordering paragraph 5 hereof, is hereby denied.

(5) Twenty days after the effective date hereof and on not less than five days' notice to the Commission and to the public, Southern Pacific Company may discontinue Pullman sleeping cars on Owl Trains Nos. 57 and 58.

(6) The petition for interim relief filed by Southern Pacific Company is hereby denied.

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

Dated at Los Angeles, California, this 2nd day of MARCH, 1965.

Frederick B. Hallock
President

Jack E. Hatchell

George E. Trover

W. J. ...

William W. ...
Commissioners