

ORIGINAL

Decision No. 80377

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Southcoast
Freight Bureau for Authority to
Make Effective Increases in Local
and Joint Rail and Rail-Highway
Freight Rates and Charges (X-281).

Application No. 53107
(Filed January 24, 1972; Amended
April 10 and 28, 1972)

In the Matter of the Investigation
into the rates, rules, regulations,
charges, allowances and practices
of all common carriers, highway
carriers and city carriers relating
to the transportation of any and
all commodities between and within
all points and places in the State
of California (including, but not
limited to, transportation for
which rates are provided in Minimum
Rate Tariff 2).

Case No. 5432, OSH 692
(Filed March 14, 1972)

And Related Matters.

Case No. 5330, OSH 60
Case No. 5433, OSH 39
Case No. 5436, OSH 118
Case No. 5437, OSH 220
Case No. 5438, OSH 84
Case No. 5439, OSH 156
Case No. 5440, OSH 77
Case No. 5441, OSH 242
Case No. 5603, OSH 104
Case No. 5604, OSH 29
Case No. 7857, OSH 56
Case No. 7858, OSH 134
Case No. 8808, OSH 16
(Filed March 14, 1972)

(Appearances listed in Appendix A)

INTERIM OPINION

Pacific Southcoast Freight Bureau (PSFB), on behalf of the California rail carriers participating in its tariffs, seeks authority to increase the local and joint rail and joint rail-highway freight rates and charges applicable to California intrastate traffic. On March 14, 1972, the Commission ordered that hearings be held in the several minimum rate cases concurrently with Application No. 53107 for the purpose of determining whether common carriers should also be authorized and directed to adjust their rates maintained under the "alternative application of common carrier rates" provisions of the various minimum rate tariffs of the Commission.

Public hearing on these matters was held before Examiner Gagnon at San Francisco on June 20, 1972. Direct evidence was presented by applicant through a cost analyst and freight traffic official of the Southern Pacific Transportation Company. Upon the filing of PSFB's late-filed Exhibit No. 3, which has been received, that phase of this proceeding pertaining to applicant's original sought relief (Ex Parte 281 - general surcharge increase of 2 1/2 percent) stands submitted. Application No. 53107, as amended, will remain on the Commission's docket pending further action by applicant and/or the Commission relative to the final disposition of this proceeding.

The rail increase initially sought in Application No. 53107 is the same as previously authorized by the Interstate Commerce Commission (ICC), effective February 5, 1972, on interstate rail traffic in Ex Parte 281, Increased Freight Rates, 1972, dated December 21, 1971. Subject to certain restrictions and limitations, said Ex Parte 281 authority granted the California rail lines an overall increase of 2 1/2 percent in their interstate rates and charges. By the First Amendment to Application No. 53107, filed April 10, 1972, the rail carriers sought to establish on California intrastate traffic, in lieu of the originally proposed Ex Parte 281 increase, the higher interstate rate increases scheduled to become effective.

on May 1, 1972, as specifically set forth in the rail carriers' Tariff of Increased Rates and Charges X-281-A. Such increases are proposed on a selective service or commodity basis and range from 3 to 10 percent. Application of the Ex Parte 281-A selective increases on interstate traffic was suspended until November 30, 1972 by further order of the ICC, dated April 24, 1972, in Ex Parte 281. Said order also extended the application of the Ex Parte 281 general surcharge of 2 1/2 percent on interstate traffic.

In a continued effort to obtain California intrastate authority to apply its proposed Tariff X-281-A selective rate increases (now under suspension by the ICC with respect to interstate traffic) in lieu of the lower Tariff X-281 surcharge initially requested, the applicant rail lines filed their Second Amendment to Application No. 53107 on April 28, 1972. This latter amendment added a Paragraph VIII to the application which sets forth the following additional allegation:

"The authority herein sought will not be exercised to increase rates or charges on California intrastate traffic by any greater amounts than the corresponding general increases which since February 4, 1972, have or may become effective on interstate traffic between points in Mountain-Pacific territory (the area generally west of the Rocky Mountains)."

By the aforementioned Second Amendment to their application, the California rail lines were, in effect, seeking from this Commission the same permissive authority relative to California intrastate rail traffic that had been previously withheld by the ICC in connection with the rails interstate traffic. By Decision No. 80074, dated May 16, 1972, in this proceeding the Commission ordered that the first phase of this proceeding be restricted to the receipt of evidence pertaining to applicant's sought relief as set forth in their original application (Ex Parte 281 - general increase of 2 1/2 percent). Accordingly, Phase 2 of this proceeding, concerning the additional relief sought herein, shall be the subject of further adjourned hearing and/or order of the Commission.

Phase 1 - Ex Parte 281

The California intrastate rail rates involved herein and published in PSFB's tariffs on file with this Commission were last generally increased on December 17, 1971, pursuant to Decision No. 79360, dated November 22, 1971, in Application No. 52329 and the prior interim Decision No. 78695, dated May 18, 1971, in that same proceeding. Said increases were designed to reflect, on California intrastate traffic, the increases authorized by the ICC in Ex Parte 265-B and Ex Parte 267. The revenue and expense projections submitted by applicant rail carriers in justification for the further increases proposed in this phase of the instant proceeding were developed under the same methods employed by the rail carriers in Decisions Nos. 78695 and 79360.

Applicant presented estimates of revenues and expenses of the four major railroads and their subsidiaries in connection with the transportation of property in California intrastate commerce under the 2 1/2 percent Ex Parte 281 proposed rate levels and at April 1, 1972 operating expenses. The basis for the revenue estimates are the California railroads results of operations for the year 1969 as shown in Table 1 of Decision No. 78022, dated December 1, 1970, in Application No. 51944. In said decision the Commission found:

"2. The results shown in Table 1 in this opinion reasonably reflect the operating results of the carriers shown therein for the transportation of property in California intrastate commerce for the

year 1969, and the total revenues shown therein amount to over 95 percent of the total revenues derived for all transportation of property by railroad in California intrastate commerce for said period."

Applicant made adjustments to the rails 1969 results of operations so that (1) revenue estimates would reflect all prior rate increases through December 31, 1971 plus the proposed additional 2 1/2 percent surcharge sought in Application No. 53107 as of January 24, 1972. The 1969 operating expenses were indexed upward so as to reflect estimated expense levels as of April 1, 1972. Essentially the adjusted results purport to show earnings of the various rail carriers that would result from transporting the traffic that moved during the calendar year 1969 at the proposed rates if the cost of operations for moving such traffic were at expense levels of April 1, 1972. Said revenue and expense estimates are shown in Appendix B attached hereto.

From Appendix B it will be noted that the 1969 revenues were first updated to reflect present rate levels and thereafter further indexed upward to show the estimated results under the sought X-281 surcharge of 2 1/2 percent. The 1969 operating expenses were also indexed upward 111.85 percent so as to reflect expense levels as of December 31, 1970 (Decision No. 78695). Thereafter, said adjusted expenses were further increased by 108.88 percent, thereby reflecting estimated adjusted expenses as of April 1, 1972. The index of 8.83 percent used by applicant to reflect the carriers' expense levels as of April 1, 1972 was determined as follows:

TABLE 1
INDEX OF EXPENSES

<u>Description of Expenditure</u>	<u>Percent of Total for Year 1971 (1)</u>	<u>Percent Increase From 12/31/70 to 4/1/72</u>	<u>Weighted Percent Increase of Total</u>
Employee compensation	46.8	15.0	7.02
Health and welfare	2.5	27.3	.68
Federal payroll taxes	4.7	12.0	.56
Fuel, road and yard	3.9	.1	.00
Other material	16.8	3.7	.62
Other expenses	15.8	(2)	(2)
Other taxes (excluding income)	4.1	(2)	(2)
Net rents and demurrage	5.4	(2)	(2)
Total operating expenses, rents, demurrage and taxes, excluding Federal and State income taxes	100.0		8.88

(1) Based on 1971 Annual Reports to Cal. P.U.C.

(2) Although increases have occurred in these categories, they have not been evaluated.

From Table 1 above it will be noted that wage and allied payroll expenses of the rail carriers constitute some 54 percent (of which 46.8 percent is employee wage costs) of the rail carriers' total operating expenses for the year 1971. The computations in Table 1 also indicate that, while the rail lines' wage costs have increased by some 7 percent since the last rail rate adjustment, applicant is now seeking a labor offset rate increase of only 2 1/2 percent. A summary of the projected estimated revenues, expenses and net railway operating income of the applicant rail carriers under the relief sought herein is set forth below:

TABLE 2

CALIFORNIA INTRASTATE TRAFFIC - ANNUAL
REVENUES, EXPENSES AND NET RAILWAY OPERATING INCOME

	<u>Estimated_{1/} Revenues</u>	<u>Estimated_{2/} Expenses</u>	<u>Net Railway Operating_{3/} Income</u>
Atchison, Topeka and Santa Fe Railway Company	\$ 27,204,000	\$ 28,379,000	(\$1,175,000)
Central California Traction Company	116,000	159,000	(43,000)
Holton Inter-Urban Railway Company	231,000	173,000	58,000
Northwestern Pacific Railroad Company	5,169,000	6,054,000	(885,000)
Petaluma and Santa Rosa Railroad Company	24,000	20,000	4,000
Sacramento Northern Railway Company	141,000	172,000	(31,000)
San Diego and Arizona Eastern Railway Company	1,275,000	1,338,000	(63,000)
Southern Pacific Transportation Company	83,836,000	86,762,000	(2,926,000)
Sunset Railway Company	222,000	163,000	59,000
Tidewater Southern Railway Company	34,000	43,000	(9,000)
Union Pacific Railroad Company	2,014,000	2,116,000	(102,000)
Visalia Electric Railroad Company	1,000	1,000	-
Western Pacific Railroad Company	<u>2,051,000</u>	<u>2,755,000</u>	<u>(704,000)</u>
Total	\$122,318,000	\$128,135,000	(\$5,817,000)

() Indicates loss.

1/ Adjusted to reflect all increases through December 31, 1971, and also to include the proposed increases sought in application filed on January 24, 1972.

2/ Adjusted to the expense level as of April 1, 1972. The effect of increases in certain expense categories, such as equipment rents and depreciation, during 1971 and for the first quarter of 1972 have not been included, even though increases have occurred.

3/ Does not include State or Federal Income Taxes.

Table 1 of Appendix B hereof indicates that the sought Ex Parte 281 increase of 2 1/2 percent is expected to produce some \$2,924,000 in additional annual operating revenues. From Table 2 above, however, applicant shows that even if the sought relief is authorized the rail carriers involved will sustain an overall operating deficit of some \$5,817,000 at April 1, 1972 expense levels. The Southern Pacific Transportation Company, which transports the largest volume of California intrastate traffic, anticipates a net operating deficit of some \$2,926,000 at April 1, 1972 expense levels; whereas under present rates authorized by Decision No. 79360, supra said rail carrier expected to enjoy operating earnings of some \$2,400,000. It is apparent that subsequent increases in operating expenses have now eroded such anticipated earnings.

The Commission's staff thoroughly cross-examined applicant's presentation. The staff's concern is directed not so much to the sought Ex Parte 281 surcharge of 2 1/2 percent as it is to applicant's persistent efforts to continually justify sought ex parte rate increases based on historical revenue and expense data which assertedly is outdated. Applicant has assured the staff that its further sought relief (Ex Parte 281-A) in this proceeding will be predicated upon the most current information available. Although refinements may be made in the methods and calculations of applicant in arriving at its estimate of the increase in expenses as of April 1, 1972 over those experienced in 1969, it is apparent that there has been an increase in the California railroads' labor costs which, standing alone exceeds the additional revenues anticipated under the relief sought herein.

The Ex Parte 281 surcharge has been in effect on interstate traffic since February 5, 1972. Said increase not only had the prior approval of the ICC, but the Federal Price Commission as well. Applicant contends that a like X-281 adjustment in California intrastate rail rates would equally fall within the guidelines of the Federal Government's Economic Stabilization Regulations. Applicant notes that the interim relief sought herein would not increase the

aggregate annual revenues of the respective rail carriers involved by more than one percent and provide additional revenues at a rate less than \$5 million per annum. It is contended, therefore, that the sought X-281 surcharge of 2-1/2 percent does not constitute a reportable increase to the Federal Price Commission.

In response to mandate issued July 10, 1972, by the United States District Court for the District of Columbia in Civil Action No. 971-72 S.C.R.A.P. v. United States, the Interstate Commerce Commission on July 13, 1972, directed the railroads to publish a tariff supplement or supplements to become effective 12:01 a.m. July 16, 1972 upon not less than one day's notice to eliminate the 2.5 percent Ex Parte 281 surcharge on goods being transported for purposes of recycling. ✓

Finally applicant affirms that the authority sought herein will not be exercised to increase rates or charges on California intrastate traffic by any greater amounts than the corresponding general increases which have or may become effective on interstate traffic between points in Mountain-Pacific territory. It is further explained that should the Interstate Commerce Commission require the reduction or cancellation of any of its prior authorized Ex Parte 281 interim increase the PSFB will make similar reductions in the rails' California intrastate rates.

The Commission finds that:

1. The Pacific Southcoast Freight Bureau, on January 24, 1972, filed Application No. 53107 requesting authority to increase California intrastate rail rates by amounts equivalent to increases authorized by the Interstate Commerce Commission in order dated December 23, 1971, in ICC Docket No. Ex Parte 281. This authority was exercised by the railroads through the publication of a Tariff of Emergency Charges X-281 for application on interstate rail traffic, effective February 5, 1972. The authority thus exercised provided for the application of a general 2 1/2 percent surcharge increase in interstate freight charges.

2. The railroads, on March 17, 1972, issued their Tariff of Increased Rates and Charges X-281-A which proposed to cancel the aforementioned Tariff of Emergency Charges X-281 and, in lieu thereof, apply, effective May 1, 1972, selective increases in their interstate freight rates and charges ranging in volume or effect between 3 and 10 percent.

3. The Pacific Southcoast Freight Bureau, on April 10, 1972, amended its Application No. 53107 thereby requesting authority to increase California intrastate rail rates by amounts equivalent to those set forth in Tariff of Increased Rates and Charges X-281-A, in lieu of its original sought Ex Parte 281 general surcharge increase of 2 1/2 percent.

4. The Interstate Commerce Commission by its order in ICC Docket Ex Parte 281, dated April 24, 1972, suspended the rails proposed selective increases in rates named in their Tariff of Increased Rates and Charges X-281-A and concurrently extended the application of the general 2 1/2 percent surcharge on interstate rail traffic as more specifically set forth in the rails' Tariff of Emergency Charges X-281.

5. The Interstate Commerce Commission in ICC Docket Ex Parte 281 dated July 13, 1972, ordered the railroad respondents to publish and file tariff supplement or supplements to become effective 12:01 a.m. July 16, 1972, to eliminate the 2.5 percent surcharge on goods being transported for purposes of recycling.

6. By Decision No. 80074, in Application No. 53107, dated May 16, 1972, the California Public Utilities Commission ordered that the initial hearing to be scheduled in Application No. 53107, as amended, be restricted to the receipt of evidence pertaining to the application of applicant's Tariff of Emergency Charges X-281, on California intrastate traffic. Said initial hearing was held on June 20, 1972, at which time applicant presented its evidence in justification for the sought interim Ex Parte 281 surcharge increase.

7. The California intrastate transportation of property by railroad at the increased rates and charges resulting from the proposed application of applicant's Tariff of Emergency Charges X-281 will not provide revenues in excess of the operating expenses reasonable and necessary for the conduct of said transportation operations.

8. To the extent that the increases in rates and charges resulting from the application of Tariff of Emergency Charges X-281 will result in net operating revenues from California intrastate railroad operations by any railroad, such earnings will not be excessive.

9. The increases in rates and charges that will result from the establishment of Tariff of Emergency Charges X-281 have been shown to be justified.

10. The rates and charges of highway common carriers and other common carriers published and maintained on the level of the present railroad carload rates are insufficient, unreasonable and not justified by transportation conditions to the extent such rates and charges are both lower than the increased rail carload rates and below the applicable minimum rates.

11. In compliance with Rule 23.1 of the Commission's Rules of Practice and Procedure, promulgated pursuant to the Economic Stabilization Act of 1970, as amended, the evidence of record in this proceeding demonstrates that:

- a. The sought increase in California intrastate rail rates is equivalent to increases authorized rail carriers by the Interstate Commerce Commission in Order dated December 23, 1971, in I.C.C. Docket Ex Parte 281. Said interstate authority was exercised by the railroads with the approval of the Federal Price Commission.
- b. The interim surcharge increase in rates is cost-justified and does not reflect future inflationary expectations.
- c. The interim rail rate increase is required to assure continued, adequate and safe service and reflects obtainable productivity gains.
- d. The Tariff X-281 general surcharge increase of 2-1/2 percent will provide additional revenues sufficient only to partially offset increases in the rails wage costs and allied payroll expenses and is not intended to provide increases in net earnings to attract capital at reasonable costs.
- e. The application of the Tariff X-281 surcharge interim increase on California intrastate rail traffic is expected to increase the aggregate annual revenues of the California rail carriers by some \$2,924,000. Said interim increase does not increase the aggregate annual revenues of the respective rail carriers involved by more than one percent. Additionally, since such interim rate increase would increase the rail carriers' revenues earned from its utility operations by less than \$5 million per annum, said interim surcharge increase does not constitute a reportable increase under Section 300.16, as amended of the Federal Economic Stabilization Regulations.
- f. The Tariff X-281 interim increase in California intrastate rail rates is being authorized in order to provide additional revenues to partially offset the California railroads increased operating expenses experienced as of April 1, 1972.

Such additional revenues will not eliminate the existing California intrastate net operating deficits of the four major railroads operating within the State.

- g. To the extent that three of the subsidiary California railroads will achieve net operating earnings from transportation under the increased rates, it is believed that the effect of the resulting increased revenues upon said carriers' return on capital will be minimal.
- h. Pursuant to reasonable opportunity for participation by all interested parties at the public hearing in this matter, no other carrier appeared to present evidence expressing a willingness and capacity for providing service at the existing level of rates.

The Commission concludes that:

1. Applicant should be authorized to establish by appropriate supplement to Tariff of Emergency Charges X-281 the increases in said tariff on California intrastate traffic.

2. Rates increased pursuant to the authority herein after granted should be subject to the refund provisions governing Tariff of Emergency Charges X-281.

3. Applicants should not be authorized to increase rates governing the transportation of goods being transported for purpose of recycling.

4. Common carriers maintaining rates based on rail rates should be authorized and directed to increase those rates to the level of the increased rail rates or the level of the otherwise applicable minimum rates, whichever is the lower.

5. Common carriers maintaining rates based on rail rates which rail rates have been canceled or changed should be required to adjust such rates to conform to the changed rail rates or to the minimum rates otherwise applicable.

6. Applicant and common carriers should be authorized to depart from the provisions of Section 460 of the Public Utilities

Code and from the terms and rules of General Orders Nos. 80-A and 125 to the extent necessary to establish the increased rates authorized or required herein.

7. The record in this proceeding should be kept open pending further action by applicant and/or order of the Commission.

INTERIM ORDER

IT IS ORDERED that:

1. Pacific Southcoast Freight Bureau, on behalf of the rail carriers listed in Application No. 53107, as amended, is authorized to establish by appropriate supplement to Tariff of Emergency Charges X-281 the increases in rates set forth in said tariff, except that the rates governing goods being transported for the purposes of recycling shall not be increased.

2. All rates increased pursuant to the authority contained in this order shall be subject to a refund provision which shall read substantially as follows:

In the event any increases resulting from the application of these rates exceed increases subsequently approved or prescribed by the California Public Utilities Commission the difference between the increase resulting from the application of these rates and any increase which may subsequently be approved by the California Public Utilities Commission will be refunded with 4 percent interest.

3. Tariff publication authorized to be made as a result of the foregoing authority shall be filed not earlier than the effective date of this order and may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public, and said authority shall expire unless exercised within sixty days after the effective date of this order. To the extent that departure from the terms and rules of General Order No. 125 is required to accomplish such publications, authority for such departure is hereby granted.

4. The authority set forth above is granted subject to the express condition that applicant and the carriers on whose behalf it is participating herein will never urge before the Commission in any proceeding under Section 734 of the Public Utilities Code, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge; and that the filing of rates pursuant to the authority herein granted constitutes an acceptance by applicant and said carriers as a consent to this condition.

5. Common carriers maintaining, under outstanding authorization permitting the alternative use of rail rates, rates below the specific minimum rate levels otherwise applicable, are authorized and directed to increase such rates to the level of the rail rates established pursuant to the authority granted in paragraph 1 hereof or to the level of the otherwise applicable specific minimum rates, whichever is lower. To the extent such common carriers have maintained such rates at differentials above previously existing rail rates, they are authorized to increase such rates by the amounts authorized in paragraph 1 hereof, provided, however, that such increased rates may not be lower than the rates established by the rail lines pursuant to the authority granted in paragraph 1 hereof, nor higher than the otherwise applicable minimum rates.

6. Common carriers maintaining, under outstanding authorization permitting the alternative use of rail rates, rates based on rail rates which have been changed or canceled and which are below the specific minimum rate levels otherwise applicable, are hereby directed to increase such rates to applicable minimum rate levels and to abstain from publishing or maintaining in their tariff rates, charges, rules, regulations and accessorial charges lower in volume or effect than those established in rail tariffs or the applicable minimum rates, whichever are lower.

7. Tariff publications required or authorized to be made by common carriers as a result of ordering paragraph 4 hereof may be made effective not earlier than the fifth day after the publication by applicant made pursuant to the authority granted in ordering paragraph 1 hereof, on not less than five days' notice to the Commission and to the public; and such tariff publications as are required shall be made effective not later than thirty days after the effective date of the tariff publications made by applicant pursuant to the authority granted in said ordering paragraph 1.

8. Tariff publications required to be made by common carriers, as a result of ordering paragraph 5 hereof, may be made effective not earlier than the effective date of this order on not less than five days' notice to the Commission and to the public and shall be made effective not later than sixty days after the effective date of this order.

9. In making tariff publications authorized or required by ordering paragraphs 4 through 7, inclusive, common carriers are authorized to depart from the terms and rules of General Order No. 80-A, to the extent necessary to comply with said ordering paragraphs.

10. Applicant and common carriers, in establishing and maintaining the rates authorized hereinabove, are authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

11. The record in this proceeding shall remain open pending further action by applicant and/or order of the Commission.

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

Dated at San Francisco, California, this 15th day
of AUGUST, 1972.

Yann L. Sturgeon
President
William J. Sproule
D. W. Holmes
John A. ...
Commissioners

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

LIST OF APPEARANCES

For Applicant: Charles W. Burkett, W. H. Wilson, and Leland E. Butler, Attorney at Law.

Respondent (Case No. 5432, OSH 692): Armand Karp, for Alltrans Express California, Inc.

Protestant: Joseph T. Enright, Attorney at Law, for Monolith Portland Cement Company.

Interested Parties: H. Wolff and P. W. Pollock, for Fibreboard Corporation; Robert A. Kormel, Attorney at Law, for Pacific Gas and Electric Company; William D. Mayer, for Cannery League of California; J. C. Kaspar, A. D. Poe and H. F. Kollmyer, for California Trucking Association; Harry J. Krade, Attorney at Law, for California Department of Agriculture; E. J. Bertana, for Lone Star Industries, Inc., Northern California Division; Ralph O. Hubbard, for California Farm Bureau Federation; and James L. Raney, for Dart Transportation Service.

Commission Staff: B. A. Peeters, Attorney at Law.

APPENDIX B
Page 1 of 2

TABLE 1

Estimated Freight Revenues Attributable to California Intrastate Rail Traffic
for a Projected Rate Year Based On 1969 Revenues Adjusted to Reflect All Rate
Increases Through December 31, 1971 and the Ex Parte 281 Surcharge
Sought in Application 53107 Filed On January 24, 1972

<u>Carrier</u>	<u>1969 (1) Frt. Rev.</u>	<u>Frt. Rev. Pres. Rates</u>	<u>Sought Increase</u>	<u>Other Revenue</u>	<u>Total Rev. Prop. Rates</u>
Atchison, Topeka and Santa Fe Railway Company	\$20,714,704	\$26,374,380	\$ 659,360	\$ 170,242	\$27,203,982
Central California Traction Company	88,570	113,705	2,843	-	116,548
Holton Inter-Urban Railway Company	175,501	223,959	5,599	1,047	230,605
Northwestern Pacific Railroad Company	3,930,479	5,034,791	125,870	8,603	5,169,264
Petaluma and Santa Rosa Railroad Company	18,718	23,353	584	528	24,465
Sacramento Northern Railway Company	106,790	137,094	3,427	-	140,521
San Diego and Arizona Eastern Railway Company	970,826	1,235,295	30,882	8,586	1,274,763
Southern Pacific Transportation Company	65,311,072	79,692,413	1,992,310	2,151,155	83,835,878
Sunset Railway Company	168,946	215,533	5,388	1,054	221,975
Tidewater Southern Railway Company	25,676	32,963	824	-	33,787
Union Pacific Railroad	1,556,329	1,859,495	46,487	107,865	2,013,847
Visalia Electric Railroad Co.	862	1,107	28	1	1,136
Western Pacific Railroad Co.	\$ 1,558,971	2,001,360	50,034	-	2,051,394
Total	\$94,627,444	\$116,945,448	\$2,923,636	\$2,449,081	\$122,318,165

(1) From Table 1, Decision No. 78022, dated December 1, 1970,
in Application No. 51944. (Ex Parte 265-A)

APPENDIX B
Page 2 of 2

TABLE 2

Estimated Freight Operating Expenses Attributable to California Intrastate Traffic
For a Projected Rate Year Adjusted to Reflect Increased Expenses Effective
As of December 31, 1970 and April 1, 1972, Respectively

<u>Carrier</u>	<u>1969 (1) Expenses</u>	<u>1969 Exp. Adj. to 12-31-70</u>	<u>1969 - Exp. Adj. to (2) 4-1-72</u>
Atchison, Topeka and Santa Fe Railway Company	\$ 23,302,889	\$ 26,064,281	\$ 28,378,789
Central California Traction Company	130,754	146,248	159,235
Holton Inter-Urban Railway Company	141,701	158,493	172,567
Northwestern Pacific Railroad Company	4,971,545	5,560,673	6,054,461
Petaluma and Santa Rosa Railroad Company	16,769	18,756	20,422
Sacramento Northern Railway Company	140,835	157,524	171,512
San Diego and Arizona Eastern Railway Company	1,099,009	1,229,242	1,338,399
Southern Pacific Transportation Company	71,243,872	79,686,271	86,762,412
Sunset Railway Company	133,856	149,718	163,013
Tidewater Southern Railway Company	35,164	39,331	42,823
Union Pacific Railroad Company	1,737,173	1,943,028	2,115,569
Visalia Electric Railroad Company	619	692	753
Western Pacific Railroad Company	2,261,948	2,529,989	2,754,652
Total	\$105,216,134	\$117,684,246	\$128,134,607

(1) Includes operating expenses, rents and taxes (before Federal and State taxes).

(2) Does not include other expenses and other taxes (excluding income), net rents and demurrage.