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INTERSTATE COMMERCE COMMISSION

Finance Docket No. 15153

SALT LAKE & UTAH RAILROAD CORPORATION RECEIVER ABANDONMENT

Submitted March 19, 1946 Decided April 29, 1946.

Certificate issued permitting abandonment, as to interstate and foreign commerce, by the Salt Lake & Utah Railroad Corporation, and S. J. Quinney, receiver, of a line of railroad in Salt Lake and Utah Counties, Utah. Condition prescribed.

Paul H. Ray for applicants.
Charles A. Root and Clinton D. Vernon for Utah Public Service Commission.
H. W. Prickett for Utah Department of Publicity and Industrial Development.
A. H. Hougaard, M. L. Crabtree, and Harold E. Lawrence for protestants.

REPORT OF THE COMMISSION

DIVISION 4, COMMISSIONERS PORTER, MAHAFFIE, AND MILLER

BY DIVISION 4:

The Salt Lake & Utah Railroad Corporation, sometimes referred to as the carrier, on December 11, 1945, applied for permission to abandon its entire line of railroad extending from Salt Lake City to Payson, approximately 66.01 miles, with a branch line from Granger to Magna, 9.15 miles, all in Salt Lake and Utah Counties, Utah. On December 12, 1945, the United States District Court for the District of Utah appointed S. J. Quinney receiver of the carrier and its properties. Protests against the granting of the application were filed and a hearing was held, commencing February 7th, at which the receiver was permitted to join as a party-applicant. The Public Service Commission of Utah on January 9, 1946, issued an order to show cause in the matter of an investigation of the proposed abandonment. The application and order were heard jointly. Unless otherwise stated, all points hereinafter mentioned are in Utah.

The representatives of the Utah Public Service Commission contend that the line is an electric interurban railway within the meaning of section 1(22) of the Interstate Commerce Act, which excepts from the provisions of section 1(18) the abandonment of street, suburban, or interurban electric railways, which are not operated as a part or parts of a general steam railroad system of transportation, but that if the line is not covered by the exemption then our jurisdiction is limited to interstate and foreign commerce. The applicants' counsel contends that our jurisdiction is exclusive.

The line was constructed in 1913-17 by the Salt Lake & Utah Railroad Company, the carrier's predecessor, initially for the purpose of rendering an electric interurban service.

The predecessor went into receivership in 1925 and its property was operated by a receiver until it was sold to the carrier in 1938. The purchaser assumed operations on May 2, 1938. The line is a single-track standard-gage electrically operated railroad. It has a maximum grade of 1.5 percent and about 20 percent of the total mileage is on curved alignment with a maximum curvature of 12o. The portion from Salt Lake to Provo was laid with 75-pound rail, except 3 miles which are 85-pound. The Provo-Payson and the Magna-Granger sections are 65-pound. The carrier's freight cars are interchangeable with steam railroad cars, and foreign-freight equipment is operated on the line. Since its construction the line has carried passengers, freight, express, and mail, but its passenger service has gradually decreased, except for some increases during the war years, while the freight has increased in relative importance. During the 14 years 1920-33, the passenger revenues declined from $449,044 to $58,437 while the freight revenues during that period ranged from $321,438 in 1921 to $571,262 in 1929. Freight revenue for 1933 amounted to $372,300. Of the carload traffic handled during the 5 years 1941-45, approximately 51 percent moved intrastate, principally coal and sugar beets, but such traffic earned gross revenues of only $674,189, as compared to $1,136,583 derived from the interstate shipments. The carrier has become primarily a freight line. It is shown as participating in numerous tariffs filed with us pertaining to interstate traffic. We are of the opinion that the line is not an electric interurban railway within the meaning of section 1(22) of the act and that we have jurisdiction to authorize its abandonment. But since the entire line is located within one State, and is independently owned and operated, our jurisdiction is limited to interstate and foreign commerce. Texas v. Eastern Texas R. R. Co., 258 U.S. 204.

The carrier paid approximately $609,000 for the line. The purchase was financed by a loan of $400,000 from the Reconstruction Finance Corporation and the sale of $154,000 noncumulative 7-percent preferred stock of the par value of $100 a share, and $55,000 of common stock of the par value of $25 a share. The notes, which evidence the funded debt, and the stock were later purchased by local banks or bankers and their associates. The loan has been reduced to about $68,000 with cash from depreciation or sinking funds and from liquidation of capital assets pledged under the mortgage, such as bus and truck lines, freight cars, and some station property. Dividends were paid continuously on the preferred stock up to and including 1943, but no dividends were ever declared on the common stock. The disposition of the capital assets referred to does not appear to have affected the operation of the line. The bus line, owned directly by the carrier, was sold for $50,000, as it is believed that the anticipated competition after the war would not permit its profitable operation. The truck line was the property of a wholly owned subsidiary of the carrier and it seems that its operation was unprofitable from the beginning. It was sold for $25,000. The sale of the freight cars, mostly gondolas, covered 73 cars at $424.65 each, of which 66 cars have been delivered and paid for. The car equipment sold was old and in need of heavy repairs. Connecting lines now furnish the carrier with cars for movements beyond the latter's line. The station property was formerly the Provo depot site. It was sold for $76,800 and a new depot located in another part of town.

The line was originally laid with second-hand rail which, with minor exceptions, is still in service. Much of the rail is still in safe condition for the type of equipment operated thereon, notwithstanding its age. The track in most need of repair is found on city streets where maintenance is impossible without removing the paving. The roadbed has not been adequately maintained.

Cuts and embankments have been neglected, causing both to become narrow and steep. Nearly all traces of ballast have disappeared and the ties rest on subgrade soil. Natural drainage of the track is impaired and that condition is aggravated by ditches running through cuts clogged with dirt and weeds. In some places cinders have been used to fill soft spots which have developed under the tracks.

The bridges consist of 33 timber structures with frame or pile bents, aggregating 2,487 feet in length; 3 timber structures on concrete piers with an aggregate length of 45 feet; 2 all-concrete bridges of a total length of 35 feet; and 3 concrete and steel structures, 165 feet aggregate length. A recent inspection of the line by motor car with stop-overs at frequent intervals, probably a mile apart, and at each structure, with on-the-ground inspection, reveals that 10 to 13 bridges are in need of repairs and about 12 in need of replacement; that the stringers in some bridges are weather cracked and helper stringers have been placed for temporary strengthening of the structure; that the structures in some of the bridges needing replacement are in such bad condition that it would be cheaper to replace the whole structure than to repair the damaged portion piece by piece. Approximately 275,000 ties are in service, mostly untreated. The tie inspection consisted of tests conducted on 3 to 5 rail lengths in each mile, except that on the Magna branch only the first half mile of track was observed. The present condition of the ties is generally poor and there is need of considerable tie replacement. As a whole the line is in a fair state of maintenance. The current is purchased from the Utah Power & Light Company which delivers it through transmission lines to substations on the carrier's line.

The equipment owned by the carrier, as of December 31, 1945, consisted of 6 locomotives ranging in weight (on drivers) from 108,000 to 124,900 pounds; 3 baggage cars; 11 passenger cars with a total seating capacity of 614 persons; 9 38-foot steel underframe 80,000-pound capacity box cars; and some work equipment, including 5 hopper bottom cars and 3 gondolas used for hauling refuse and ballast. Some of the passenger car bodies are twisted and the top structures loose. The condition of the seats is below normal and the floors are not in good shape. The motors are in fair condition.

The estimated net salvage value of the line is at least $271,000, including $50,000 for the value of the real estate.

The carrier operates daily seven passenger trains in each direction between Salt Lake City and Payson and four in each direction between Salt Lake City and Magna; also one freight schedule daily in each direction between Salt Lake City and Payson and between Salt Lake City and Provo, or at more frequent intervals, if the traffic requires it. No regular freight service is provided between Salt Lake City and Magna. The freight available between those points is handled by passenger motors. Prior to 1945, the carrier operated two passenger bus schedules daily between Salt Lake City and points in Utah County, and one passenger bus schedule daily between Salt Lake City and Riverton. In January 1945, the carrier disposed of its operating rights and bus equipment and discontinued its bus operations.

The stations on the line and the approximate population at each point, as of 1940, are Salt Lake City 149,934, Granger (negligible, if any), West Jordan 200, Riverton 1,404, Lehi 2,733, American Fork 3,333, Pleasant Grove 1,941, Orem 2,914, Provo 18,471, Springville 4,796, Spanish Fork 4,167, Payson 3,591, and Magna 3,780. Granger and Riverton are 2 miles by highway from the nearest other railroad. West Jordan is served also by the Denver & Rio Grande Western Railroad, hereinafter referred to as the Denver & Rio Grande, and Pleasant Grove by the Union Pacific Railroad. The remaining stations, except Orem, are served by 2 or more railroads, in addition to the carrier. All are agency stations, except Granger and West Jordan.

The line connects for the interchange of traffic with the Bamberger Railroad, the Union Pacific, the Denver & Rio Grande, the Salt Lake, Garfield & Western Railway, and the Western Pacific Railroad at Salt Lake City; the Denver & Rio Grande and the Utah Railway at Provo; and the Union Pacific at American Fork and Ironton, an intermediate point south of Provo. The carrier's main line is closely paralleled for its entire length by lines of the Union Pacific and the Denver & Rio Grande. U.S. highway No. 91, hard surfaced, parallels the line from Salt Lake City to Payson, serving each city or town on the line in Utah County. It is the main arterial highway running north and south through Utah and serving the State's principal centers of population. Utah State highway No. 68, hard surfaced, parallels the line in Salt Lake County, passing through towns or cities on the line. The line from Granger to Magna is paralleled by U.S. highway No. 40, also hard surfaced, serving the communities along the line. Common carrier trucks and busses operate over the highways mentioned, and in addition numerous other motor carriers are authorized to provide service in that area.

The territory tributary to the line is largely agricultural. It produces fruits, livestock, dairy products, poultry products, sugar beets, and other crops. The carrier serves jointly with the Bamberger Railroad a large industrial district in Salt Lake City, known as the Salt Lake Terminal. At one time the terminal facilities were owned jointly by both companies but now the carrier's rights are only those of a tenant. The principal industries at that place, located exclusively on the line of the carrier, could be served by the Bamberger. Magna has 5 or more industries, handling, among other things, coal and lumber, which are served exclusively by the line. Prior to the war practically all of the industries' coal tonnage moving over the line was hauled by truck. The Utah-Idaho Sugar Company has a beet sugar plant at West Jordan and sugar beet dumps exclusively on the line. The sugar factory is served by the carrier jointly with the Denver & Rio Grande. If the line is abandoned, the Denver & Rio Grande would continue to serve the factory, but in that case the farmers would be required to haul the sugar beets to beet dumps located on the latter's line. The Utah Poultry Producer's Cooperative Association, which handles poultry and feed, maintains plants on the line at Riverton, American Fork, Provo, Springville, Spanish Fork, and Payson. There is no other rail facility at Riverton, but the plant is located on a paved highway over which motor trucks operate. A feed, coal, and lumber business and an electric plant, which generates power from fuel oil, are located on the line at Lehi. Those industries are in close proximity to the Denver & Rio Grande and could be served by that railroad by the construction of a switch and a siding. The carrier serves 2 coal- and lumberyards and a produce dealer, in addition to a cooperative poultry plant, at American Fork. The Union Pacific could serve those industries if the carrier's tracks are rehabilitated to accommodate Union Pacific equipment. The loading dock of the poultry plant cannot be reached by the Union Pacific except by the use of a special runway over the carrier's tracks, and the curvature of the Union Pacific spur is so abrupt that use of several cars between the engine and the car to be spotted is required. Pleasant Grove has 6 industries handling clay, ore, coal and lumber, fruit and produce, feed, and concrete pipe. All could be served by the Union Pacific by installing a switch and a track connection. At the Orem and Snow stations, the line serves fruit growers and dealers in baskets and shooks, canned products, and fruits and vegetables. The Denver & Rio Grande has a branch track approximately 2 miles east of those points and its main line is about 1.5 miles southwest, while the Union Pacific main-line track is approximately 1 mile west of the carrier's line, but it appears that because of the grade, connections could be made only at Provo. Those industries could be served by the Denver & Rio Grande by operating over the carrier's tracks from Provo, a distance of not over 7 or 8 miles. Provo has 10 industries on the line, including a cooperative poultry plant, all of which could be served by the Denver & Rio Grande over the carrier's tracks. Of these industries 3 deal in petroleum products, 1 is a storage warehouse, and the others handle groceries, lumber and building material, fruit and produce, and canned products. The Denver & Rio Grande and the Union Pacific spur do not reach the loading dock of the poultry plant at Provo. A steel plant, which is served by the carrier and 2 other rail lines, is located at Ironton. Springville, Spanish Fork, and Payson have each 3 or 4 industries on the carrier's line. The Springville and Spanish Fork industries, consisting of 2 cooperative poultry plants, 2 manufacturers of canned products, a beet sugar factory, 2 lumber- and coalyards, and livestock brokers, could all be served by the Denver & Rio Grande by building a switch or a connection and using the carrier's tracks to reach the industries. The poultry plant at Spanish Fork is about 200 feet from the end of the carrier's spur track, and that plant as well as the 1 at Payson might be served by the Union Pacific, which now serves a cooperative storage warehouse at that point, by use of the carrier's tracks. In addition to the industries referred to specifically, there are other business concerns on the line, devoted principally to the handling of fuel and petroleum products.

The passenger traffic handled on the line during each of the 8 years 1938-45 amounted to 238,287, 210,514, 193,918, 182,985, 379,216, 636,985, 599,658, and 492,851 revenue passengers. The corresponding annual revenues from such traffic were $74,403, $56,709, $47,773, $42,611, $123,115, $222,585, $203,312, and $174,733. The increasesin passenger revenues are attributed to war traffic. Revenues from the motorbus operations for the 6 years 1939-44 and part of 1945 were $13,868, $22,361, $32,125, $48,727, $49,921, $55,236, and $1,038. During each of the 5 years 1941-45 the carrier handled 10,806, 10,192, 10,294, 9,799, and 11,015 carloads of freight, of which 1,690, 1,136, 951, 1,054, and 1,430 carloads were local, 8,121, 7,832, 8,158, 7,763, and 8,085 moved between points on the line and points beyond, and 995, 1,224, 1,185, 982, and 1,500 overhead. The overhead was all coal shipments. The remainder of the tonnage consisted principally of coal, manufacturing and miscellaneous and agricultural products. The total less-than-carload freight handled during the 5-year period amounted to a total of 35,134 tons.

The results of operation of the line for the 6 years 1940-45[1/], in order, according to exhibits submitted by the applicants, are as follows: Operating revenues, including revenue from bus operations, $470,705, $504,816, $650,132, $771,036, $717,360, and $608,438; operating expenses, maintenance of way and structures $41,462, $40,766, $49,682, $101,486, [2/]$70,835, and $98,649, maintenance of equipment $23,380, $30,311, $41,587, $65,472, $93,022, and $64,672, maintenance of power $47,637, $48,736, $56,942, $63,238, $63,553, and $56,008, conducting transportation $86,972 $100,989, $141,980, $188,643, $211, 406, and $199,329, traffic $15,213, $16,053, $15,436, $15,194, $16,928, and $18,317, general and miscellaneous $109,274, $113,549, $153,724, $195,917, $192,252,

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1/ Ending December 12, 1945.
2/ Track and roadway labor and tie replacements account principally for increase.

and $178,089, and automobile coach lines $14,678, $17,596, $24,961, $24,259, $39,795, and $603, total operating expenses $340,616, $368,000, $484,312, $654,209, $687,791, and $615,667; property taxes $29,566, $28,888, $28,426, $25,734, $19,324, and $19,221, other taxes, exclusive of income and excess profits tax, $13,643, $15,616, $18,348, $25,684, $25,220, and $21,784; nonoperating income $4,108, $188, $737, $1,369, $3,566, and $7,774; 3/ interest on funded debt $15,718, $13,896, $11,796, $10,443, $9,393, and $5,491, and other deductions from gross income $474, $1,645, $3,367, $822, $3,802, and $13,724; 4/ depreciation on operating properties $33,685, $35,380, $36,969, $34,189, $29,855, and $20,508; federal income and excess profit taxes $8,634, $12,400, $35,235, $0, $35,235, 5/ and $0; and net income $32,477, $29,179, $32,416, $21,324, $19,224 (loss), and $80,183 (loss).

The operating losses in the last 2 years are attributed principally to loss in passenger revenues and increase in maintenance costs. The decline in the 1945 passenger revenue was the result primarily of the termination of construction of steel works near Provo and cancelation of government restrictions on travel in private vehicles.

The receiver was instructed by the court to impound in a separate account cash on hand prior to the receivership, intended for liquidation of the carrier's debts, and to operate the line with funds received from the operations. From the date the carrier went into receivership or soon thereafter, until termination of its operation by the receiver, as hereinafter explained, connecting carriers demanded junction settlements on interline accounts, resulting in many instances in shippers being required to advance the freight charges before freight was delivered. The receiver was not permitted to borrow money on the security of its own certificates and the power company required daily settlements on purchases of electric power, amounting to an expenditure of about $5,000 a month. Daily settlement on rental for use of the terminal facilities at Salt Lake City at the rate of $175 a day was also required. For all practical purposes the receiver was operating on a cash basis, except with respect to the employees who were paid twice a month. The receiver estimated operating losses for the period December 12 to 31, 1945, at $2,318, after all charges, including taxes and depreciation.

Based on a count of the number of cars handled on the line during January and applying thereto an estimate of the carrier's division of the freight and a monthly average of the earnings from express and the less-than-carload tonnage, the receiver estimated the income from carload traffic at $27,252, and from the less-than-carload business $2,708. Revenues from switching, mail, and express were estimated at approximately $1,900, miscellaneous and other income $250, passenger revenues $9,037, or total gross revenues, including the freight tonnage, of $41,147. The traffic included 381 carloads of nonrecurring freight. Expenses were estimated at $1,529 a day, exclusive of depreciation, taxes, and cost of receivership. Included are $900 for labor, $133 for power, $183 for rental of track facilities, and only $50 for material. On that basis operation of the line results in a monthly loss of $6,252. As of February 4, 1945, the receiver had on deposit in the separate account referred to $66,579, and aside

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3/ $7,400 represents profit on operating equipment sold.

4/ Includes an item of $6,523 for interest on nonfunded debt and $5,216 for doubtful accounts.

5/ Claim for refund for overpayment of 1942 income taxes.

from that had on hand $25,960 cash, including approximately $8,000 collected since the receivership from interline freight and chargeable to the separate account. The receiver anticipated increases in losses, as the daily report showed a steady decline in tonnage and passenger revenues. Since the hearing it has developed that the operation of the line by the receiver continued until he was directed by the court to suspend operations under embargo on March 1, 1946. By its order of February 28, 1946, effective as of March 1st, division 3 ordered the receiver to allow and permit joint or common use of its terminals, including main-line track or tracks for reasonable distance outside of such terminals at Salt Lake City, Lehi, American Fork, Pleasant Grove, Lindon, Orem, Provo, Springville, and Payson, Utah, by other railroads upon such terms as may be agreed upon by the carriers.

Based on the recently conducted inspection, the cost of rehabilitating the line was estimated by the applicants at $343,241, of which $179,244 is for 114,900 untreated ties, $110,096 for track repairs, including some rail replacement, and $53,901 for bridge repairs and replacements. The cost of maintaining the track, bridges, and overhead equipment in 1946 was estimated at $193,659, of which $104,000 is for 40,000 ties, $42,085 for track repairs, $16,014 for bridge repairs and replacements, $6,538 for right-of-way, fences, etc., and $25,022 for overhead wires, poles, etc.

The carrier's balance sheet, as of December 12, 1945, shows cash on hand and in banks $74,814, special deposits $3,150, accounts receivable (less reserve of $10,109 for doubtful accounts) $54,470; investment in road and equipment and miscellaneous physical property (less accrued depreciation of $190,844) $396,431, and investments in stocks and bonds $55; materials and supplies $79,773, unexpired insurance $8,894, claim for refund for federal income tax $35,235, U.S. Treasury bonds, (held as collateral) $10,000, and other prepaid expenses or unadjusted debits $8,129; notes payable $79,000; 6/ accounts payable $172,140; accrued wages $11,318; accrued interest and penalty $16,215; 7/ accrued taxes $74,108; 8/ deferred liabilities $338; long-term debt $67,721; unadjusted credits $9,922; capital stock (outstanding only) $209,000; additions to property through surplus $345; and earned surplus $30,844.

Shippers along the line are opposed to the granting of the application. They are fearful that the abandonment of the line might leave them without any rail service. Most of them believe that the service rendered by the carrier, particularly frequent switching and prompt car service, cannot be duplicated by another railroad. Nearly all anticipate large increases in tonnage upon return to normal conditions. The principal shippers have pledged themselves to increase their traffic by more than 900 carloads for the first 4 months of 1946.

The Utah-Idaho Sugar Company is not entirely dependent upon the carrier for transportation. In addition to the West Jordan factory, it owns the sugar factory at Spanish Fork and a storage warehouse at Lehi, both of which are served also by the Denver & Rio Grande and the Union Pacific. In order to avoid congestion and because of the limited trackage space, frequent switching service is required at the plants, particularly during the shipping season. Expansionof the trackage facilities is considered difficult and expensive, as the space available is limited. The Spanish Fork factory has not been operated for the last 3 years.

6/ Represents advances by stockholders.

7/ Includes $4,572 interest on notes payable and $7,867 interest on funded debt.

8/ Includes $38,399 for property taxes for 1944 and 1945, and $16,555 provision for Federal income taxes.

Beets have been stored at that plant and later shipped to the West Jordan factory. In 1945 the company shipped over the line a total of 2,429 carloads, of which 1,490 carloads were sugar beets, 337 carloads of sugar, and the remainder dried beet pulp, coal, limerock, etc. Its traffic amounted to 1,638 carloads in 1944 and 1,510 carloads the previous year. The Utah Poultry Producer's Cooperative has a total of 27 assembling and distributing plants in Utah and Idaho. It furnishes feed and other supplies to 4,000 members and markets their eggs and poultry. The 6 plants located on the line handled a total of 1,049 carloads in 1943, of which 505 carloads consisted of manufactured feed, 318 of eggs, and 191 of grain; 1,158 carloads in 1944 and 955 in 1945 consisting of like commodities.

A lumber and hardware company at Magna, representing an investment of $27,000, shipped over the line 48 carloads of coal and 1 of lumber in 1945. All of the Magna industries could be served by the Denver & Rio Grande by building a connection with that railroad at a point probably a mile from the lumber and hardware company's plant. Granger has a grocery and coalyard business, which has been recently enlarged at considerable expense in the belief that the line would continue to operate. That concern delivers coal within a radius of 20 miles. It received over the line 79 carloads in 1945 and 69 the previous year. Its manager is of the opinion that he would be unable to continue in business without railroad service. An automobile dealer from Riverton shipped about 75 carloads of automobiles a year prior to the war and expects an annual traffic of from 75 to 100 carloads in the future. His place of business is 2.5 miles from a line of the Denver & Rio Grande. Another Riverton dealer has received over the line automobiles in carload lots in lesser number. The coal and lumber yard at Lehi received 131 carloads in 1945, principally grain products. If the yard is to be provided service by another railroad, the construction of a 700-foot switch would be necessary. The manufacturer of concrete pipe at Pleasant Grove received 149 carloads in 1945, of which 116 consisted of cement, and 84 carloads the previous year. The plant is less than a mile from the Union Pacific station. Its representative estimated that shipments for the first half of 1946 would amount to 40 carloads. A distributor of petroleum products at Pleasant Grove, whose plant is on the line of the carrier and about 1.5 miles from the Union Pacific station, anticipates an annual tonnage of 144 carloads. During the war his traffic moved by truck, and upon return to normal operations he intends to ship by rail about one-half of the total freight.

A large number of fruit shipments are made from the Orem station. The Orem Peach Growers, an association of fruit growers, shipped 191 carloads of peaches in 1944 and 198 carloads of peaches and 200 carloads of pears and apples in 1945. A cooperative association from Orem, also fruit growers, has increased its production from 81 in 1941 to 169 carloads in 1945. An increase in production of agricultural products is anticipated upon completion of a reclamation project which will supply additional water for irrigation purposes. Orem shippers contend that the trucking of peaches and other perishable fruit to Provo, the nearest rail station on another railroad, would increase transportation costs 15 to 25 percent; that they will not receive as good car service from another railroad as is rendered by the carrier; that the siding at Provo is inadequate to handle their traffic; and that abandonment of the line would curtail the mail service.

The produce dealer at American Fork has a packing plant and warehouse of a capacity of 15 carloads. He shipped 164 carloads by rail in 1945. The line of the Union Pacific is across the street from the plant. The lumberyard at Spanish Fork receives about 25 carloads of traffic a year. If a track connection is made with the line of the Denver & Rio Grande and that railroad operates over the carrier's tracks, Spanish Fork will be confronted with steam-line operation on its main street, which is considered a greater hazard by the people of the community than the present operations by the electric line. The operator of the lumber- and coalyard at Payson, who also operates a similar business at Spanish Fork, has been handling in the last 2 years at both plants between 50 and 60 carloads annually. When his operations return to normal, he expects to ship by rail an annual tonnage of between 75 and 100 carloads. Shipment from a Union Pacific or Denver & Rio Grande station would involve a haul of from 1 to 2 miles and additional transportation costs. The Denver & Rio Grande has station facilities at Payson consisting of a station house, loading platform and a small warehouse. The canning company at Springville received 84 and shipped 120 carloads in 1945. In the event of the abandonment of the line, it would be compelled to truck its tonnage to another railroad at increased transportation costs estimated at from $50 to $75 a car and placed at a disadvantage in competing with canneries located on a rail line, unless a connection is made with the tracks of the Denver & Rio Grande which cross the carrier's line a thousand feet or less from the canning plant and other industries at that point.

The application is opposed also by the Amalgamated Association of Street and Electric Railway and Motor Coach Employees of America, of which most of the carrier's employees, other than the general officers and office force, are members. As of December 17, 1945, the carrier had on its pay roll, including the office help, about 138 employees. At least 48 of the employees ranged in age from 45 to 66 years and not less than 20 had 25 or more years of service. Because of age some will be precluded from obtaining employment with other railroad lines, probably resulting in lower compensation upon retirement. Counsel for the employees, other than the office force, requested in the event of abandonment of the line the imposition of conditions requiring payment to the employees equal to 1 year's wages, or conditions similar to those incorporated in the so-called Washington Job Agreement. The representative of the office force sought the imposition of conditions in case of liquidation of the property requiring the applicants to pay to the employees whatever money is left over after payment of debts. In Finance Docket No. 13979, Chicago, A. & S. R. Co. Receiver Abandonment, 261 I.C.C. _______, we stated, relative to the imposition of conditions where an entire railroad is permitted to be abandoned, in part as follows;

> Manifestly dismissal allowance to employees cannot reasonably be required in a case where the entire railroad of a carrier is permitted to be abandoned because it cannot make ends meet and the company is retiring from the transportation business, Susquehanna & N.Y.R. Co. Abandonment, 252 I.C.C. 81.

Consequently we will impose no conditions for the protection of employees in this case.

The line was operated at substantial losses for almost 2 years prior to the receivership. The receiver was directed by the court to suspend operation on the ground, among others, of a continuing operating deficit. The traffic handled was not producing sufficient revenue to meet at least operating expenses. During the 20 or 21 years of its ownership of the property, the carrier's predecessor spent about 13 years in receivership, which ended in unsuccessful operation. The carrier competed for traffic with steam railroads serving the tributary territory, and neither it nor its predecessor managed to secure a sufficient share of the tonnage to permit continued operation of the line without financial loss. The prospects of the development of additional traffic which would permit the line to become self-sustaining are not encourgging, notwithstanding the large increases in shipments anticipated by the shippers.

Aside from the substantial losses in traffic and revenues, the line in the near future will be in need of rehabilitation, for which large expenditures will be required. Its abandonment might inconvenience or damage some shippers and require others to incur additional charges for truck transportation or expend substantial sums of money for the construction or rearrangement of industrial tracks or sidings, but continued operation at financial loss would impose an undue burden upon the applicant and upon interstate commerce. Most of the points on the line will have the services of two or more rail carriers. Nearly all of the principal industries which have been served exclusively by the carrier could be served by other railroads by the construction of track connections or operations over portions of the carrier's tracks. We will therefore permit the abandonment on condition that the applicants sell the line, or any part thereof, to any railroad company offering within 40 days from the date of our certificate to purchase the same for continued operation at a price not less than the fair net salvage value thereof.

Subject to the condition with respect to an offer to sell the line, above referred to, we find that the present and future public convenience and necessity permit abandonment, as to interstate and foreign commerce, by The Salt Lake & Utah Railroad Corporation, and S. J. Quinney, receiver, of the entire line of railroad in Salt Lake and Utah Counties, Utah, described herein. On the understanding that, before recording in its books the related journal entries to show retirement of the line from service, the applicant shall first submit the entries for our approval, an appropriate certificate will be issued, effective from and after 40 days from its date, in which suitable provision will be made for the revocation of concurrences and powers of attorney and for the cancelation of tariffs applicable to interstate and foreign commerce.

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

At a Session of the INTERSTATE COMMERCE COMMISSION, Division 4, held at its office in Washington, D.C., on the 29th day of April, A.D. 1946.

Finance Docket No. 15153

SALT LAKE & UTAH RAILROAD CORPORATION RECEIVER
ABANDONMENT

Investigation of the matters and things involved in this proceeding having been made, a hearing having been held, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is hereby certified, That, subject to the condition set forth in this report herein, the present and future public convenience and necessity permit abandonment, as to interstate and foreign commerce, by The Salt Lake & Utah Railroad Corporation and S. J. Quinney, receiver, of that company's entire line of railroad in Salt Lake and Utah Counties, Utah, described in the report aforesaid.

It is ordered, That this certificate shall take effect and be in force from and after 40 days from its date. Concurrences and powers of attorney applicable to interstate and foreign commerce on said lines of railroad may be revoked upon not less than 20 days' notice to this Commission, and tariffs applicable thereto may be canceled upon notice to this Commission, and to the general public by not less than 10 days' filing and posting in the manner prescribed in section 6 of the Interstate Commerce Act.

It is further ordered, That the said receiver, when filing schedules canceling tariffs applicable to interstate and foreign commerce on said lines of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

And it is further ordered, That the said receiver shall report to this Commission as required by valuation order No. 24, effective May 15, 1928.

By the Commission, division 4.

W. P. BARTEL

(SEAL) Secretary

This report will not be printed in full in the permanent series of Interstate Commerce Commission reports.

Interstate Commerce Commission

Finance Docket No. 15153

Salt Lake & Utah Railroad Corporation Receiver Abandonment

Submitted March 19, 1946; Decided April 29, 1946

The Salt Lake & Utah Railroad Corporation, sometimes referred to as the carrier, on December 11, 1945, applied for permission to abandon its entire line of railroad extending from Salt Lake City to Payson, approximately 66.01 miles, .with a branch line from Granger to Magna, 9.15. miles, all in Salt Lake and Utah counties, Utah. On December 12, 1945, the United States District Court for the District of Utah appointed S. J. Quinney receiver of the carrier and its properties. Protests against the granting of the application were filed and a hearing was held, commencing February 7th, at which the receiver was permitted to join as party applicant. The Public Service Commission of Utah on January 9; 1946, issued an order to show cause in the matter of an investigation of the proposed abandonment. The application and order were heard jointly. Unless otherwise stated, all points hereinafter mentioned are in Utah.

The representatives of the Utah Public Service Commission contend that the line is an electric interurban railway within the meaning of section 1(22) the Interstate Commerce Act, which excepts from the provisions of section 1(18) the abandonment of street, suburban, or interurban electric railways, which are not operated as a part or parts of a general steam railroad system of transportation, but that if the line is not covered by the exemption then our jurisdiction is limited to interstate and foreign commerce. The applicant's counsel contends that our jurisdiction is exclusive.

The line was constructed in 1913 17 by the Salt Lake & Utah Railroad Company, the carrier's predecessor, initially, for the purpose of rendering an electric interurban service.

The predecessor went into receivership in 1925 and its property was operated by a receiver until it was sold to the carrier in 1938. The purchaser assumed operations on May 2, 1938. The line is a single track standard gage electrically operated railroad. It has a maximum grade of 1.5 percent and about 20 percent of the total mileage is on curved alignment with a maximum curvature of 12 degrees. The portion from Salt Lake to Provo was laid with 75 pound rail, except 3 miles which are 85 pound. The Provo Payson and the Magna Granger sections are 65 pound. The carrier's freight cars are interchangeable with steam railroad cars, and foreign freight equipment is operated on the line. Since its construction the line has carried passengers, freight, express, and mail, but its passenger service has gradually decreased, except for some increases during the war years, while the freight has increased in relative importance. During. the 14 years 1920 33, the passenger revenues declined from $449,044 to $58,437 while the freight revenues during that period ranged from $321,438 in 1921 to $571,262 in 1929. Freight revenue for 1933 amounted to $372,300. Of the carload traffic handled during the 5 years 1941 45, approximately 51 percent moved intrastate, principally coal and sugar beets, but such traffic earned gross revenues of only $674,189, as compared to $1,136,583 derived from the interstate shipments. The carrier has become primarily a freight line. It is shown as participating in numerous tariffs filed with us pertaining to interstate traffic. We are of the opinion that the line is not an electric interurban railway within the meaning of section 1(22) of the act and that we have jurisdiction to authorize its abandonment. But since the entire line is located within one state, and is independently owned and operated, our jurisdiction is limited to interstate and foreign commerce. (Texas v. Eastern Texas R. R. Co. 258 U.S. 204.)

The carrier paid approximately $609,000 for the line. The purchase was financed by a loan of $400,000 from the Reconstruction Finance Corporation and the sale of $154,000 noncumulative 7 percent preferred stock of the par value of $100 a share, and 55,000 of common stock off the par value of $25 a share. The notes, which evidence the funded debt, and the stock were later purchased by local banks or bankers and their associates. The loan has been .reduced to about $68,000 with cash from depreciation or sinking funds and from liquidation of capital assets, pledged under the mortgage such as bus and truck lines, freight cars, and some station property. Dividends were paid continuously on the preferred stock up to and including 1943, but no dividends were ever declared on the common stock. The disposition of the capital assets referred to does not appear to have affected the operation of the line. The bus line, owned directly by the carrier, was sold for $50,000, as it is believed that the. Anticipated competition after the war would not permit its profitable .operation. The truck line was the property of a wholly owned subsidiary of the carrier and it seems that its operation was unprofitable from the beginning. It was sold for $25,000. The sale of the freight cars, mostly gondolas, covered 73 cars at $424.65 each of which 66 cars have been delivered and paid for. The car equipment sold was old and in need of heavy repairs. Connecting lines now furnish the carrier with cars for movements beyond the latter's line. The station property was formerly the Provo depot site. It was sold for $76,800 and a new depot located in another part of town.

The line was originally laid with second hand rail which, with minor exceptions, is still in service. Much of the rail is still in safe condition for the type of equipment operated thereon, notwithstanding its age, The track in most need of repair is found on city streets where maintenance is impossible without moving the paving, The roadbed has not been adequately maintained. Cuts and embankments have been neglected causing both to become narrow and steep. Nearly all traces of ballast have disappeared and the ties rest on subgrade. Natural drainage of the track is impaired and that condition is aggravated by ditches running through cuts clogged with dirt and weeds. In some places cinders have been used to fill soft spots which have developed under the tracks.

The bridges consist of 33 timber structures with frame or pile bents, aggregating 2,487 feet in length; three timber structures on concrete piers with an aggregate length of 45 feet; two all concrete bridges of a total length of 35 feet; and three concrete and steel structures, 165 feet aggregate length. A recent inspection of the line by motor car with stop overs at frequent intervals probably a mile apart and at each structure, with on the ground inspection reveals that 10 to 13 bridges are in need of repairs and about 12 in need of replacement; that the stringers in some bridges are weather-cracked and helper stringers have been placed for temporary strengthening of the structure; that the structures in some of the bridges needing replacement are in such bad condition that it would be cheaper to replace the whole structure than to repair the damaged portion piece by piece. Approximately 275,000 ties are in service mostly untreated. The tie inspection consisted of tests conducted on three to five rail lengths in each mile except that on the Magna branch only the first half mile of track was observed. The present condition of the ties is generally poor, and there is need of considerable tie replacement. As a whole the line is in a fair state of maintenance. The current is purchased from the Utah Power & Light Company which delivers it through transmission lines to substations on the carrier's line.

The equipment owned by the carrier as of December 31, 1945, consisted of six locomotives ranging in weight (on drivers) from 108,000 to 124,000 pounds; three baggage cars; 11 passenger cars with a total seating capacity of 614 persons; nine 38-foot steel under-frame 80,000 pound capacity box cars; and some work equipment, including five hopper bottom cars and three gondolas used for hauling refuse and ballast. Some of the passenger car bodies are twisted and the top structures loose. The condition of the seats is below normal and the floors are not in good shape. The motors are in fair condition.

The estimated net salvage value of the line at least $271,000 including $50,000 for the value of the real estate.

The carrier operates daily seven passenger trains in each direction between Salt Lake City and Payson and four in each direction between Salt Lake City and Magna; also one freight schedule daily in each direction between Salt Lake City and Payson and between Salt Lake City and Provo or at more frequent intervals, if the traffic requires it. No regular freight service is provided between Salt Lake City and Magna. The freight available between those points is handled by passenger motors. Prior to 1945, the carrier operated two passenger bus schedules daily between Salt Lake City and points in Utah County, and one passenger bus schedule daily between Salt Lake and Riverton. In January1945, the carrier disposed of its operating rights and bus equipment and discontinued its bus operations.

The stations on the line and the approximate population at each point, as of 1940, are Salt Lake City 149,934, Granger (negligible, if any), West Jordan 200, Riverton 1,404, Lehi 2,733, American Fork 33,333, Pleasant Grove 1,941, Orem, 2,914, Provo 18,471, Springville 4,796 Spanish Fork 4,167, Payson 3,591, and Magna 3,780. Granger and Riverton are two miles by highway, from the nearest other railroad. West Jordan is served also by the Denver & Rio Grande Western Railroad, hereinafter referred to as the Denver & Rio Grande, and Pleasant Grove.by the Union Pacific railroad. The remaining stations, except Orem, are served by two or more railroads, in addition to the carrier. All are agency stations, except Granger and West Jordan.

The line connects for the interchange of traffic with the Bamberger Railroad, the Union Pacific, the Denver & Rio Grande, the Salt Lake, Garfield & Western Railway, and the Western Pacific Railroad at Salt Lake City; the Denver & Rio Grande and the Utah Railway at Provo; and the Union Pacific at American Fork and Ironton, an intermediate point south of Provo. The carrier's main line is closely paralleled for its entire length by lines of the Union Pacific and the Denver & Rio Grande. U.S. highway No, 91; hard surfaced, parallels the line from Salt Lake City to Payson, serving each city or town on the line in Utah County. It is the main arterial highway running north and south through Utah and serving the State's principal centers of population. Utah State highway No. 68, hard surfaced, parallels the line in Salt Lake County, passing through towns or cities on the line. The line from Granger to Magna is paralleled by U.S. highway No. 40, also hard surfaced, serving the communities along the line. Common carrier trucks and buses operate over the highways mentioned, and in addition numerous other motor carriers are authorized to provide service in that area.

The territory tributary to the line is largely agricultural. It produces fruits, livestock, dairy products, poultry products, sugar beets, and other crops. The carrier serves jointly with the Bamberger Railroad. a large industrial district in Salt Lake City known as the Salt Lake Terminal. At one time the terminal facilities were owned jointly by both companies but now the carrier's rights are only those of a tenant. The principal industries of that place, located exclusively on the line of the carrier could be served by the Bamberger. Magna has five or more industries, handling, among other things, coal and lumber, which are served exclusively by the line. Prior to the war practically all of the industries' coal tonnage moving over the line was hauled by truck. The Utah Idaho Sugar Company has a beet sugar plant at West Jordan and sugar beet dumps exclusively on the line. The sugar factory is served by the carrier jointly with the Denver & Rio Grande. If the line is abandoned, the Denver & Rio Grande would continue to serve the factory, but in that case the farmers would be required to haul the sugar beets to beet dumps located on, the latter's line. The Utah Poultry Producer's Cooperative Association which handles poultry and feed, maintains plants on the line at Riverton, American Fork, Provo, Springville, Spanish Fork, and Payson. There is no other rail facility at Riverton but the plant is located on a paved highway over which motor trucks operate. A feed, coal, and lumber business and an electric plant, which generates power from fuel oil, are located on the line at Lehi. Those industries are in close proximity to the Denver & Rio Grande and could be served by that railroad by the construction of a switch and a siding. The carrier serves two coal and lumberyards and a produce dealer in addition to a cooperative poultry at American Fork. The Union Pacific could serve those industries if the carrier's tracks are rehabilitated to accommodate Union Pacific equipment. The loading dock of the poultry plant cannot. be reached by the Union Pacific except by the use of a special runway over the carrier's tracks and the curvature of the Union Pacific spur is so abrupt that use of several cars between the engine and the car to be spotted is required. Pleasant Grove has six industries handling clay ore, coal and lumber, fruit and produce, feed, and concrete pipe. All could be served by the Union Pacific by installing a switch and a track connection. At the Orem and Snow stations, the line serves fruit growers and dealers in baskets and shooks (staves and heads for barrels and casks), canned products, and fruits and vegetables. The Denver & Rio Grande has a. branch track approximately two miles east of those points and its main line is about 1.5 miles southwest, while the Union Pacific main line track is approximately one mile west of the carrier's line, but it appears that because of the grade connections could be made only at Provo. Those industries could be served by the Denver.& Rio Grande by operating over the carrier's tracks from Provo, a distance of not over seven of eight miles. Provo has 10 industries on the line, including a cooperative poultry plant, all of which could be served by the Denver & Rio Grande over the carrier's tracks. Of these industries three deal in petroleum products, one is a storage warehouse, and the others handle groceries, lumber and building material, fruit and produce, and canned products. The Denver & Rio Grande and the .Union Pacific spur do not reach the loading dock of the poultry plant at Provo. A steel plant, which is served by the carrier and two other rail lines, is located at Ironton.

Springville, Spanish Fork, and Payson have each three or four industries on the carrier's line. The Springville and Spanish Fork industries, consisting of two cooperative poultry plants, two manufacturers of canned products, a beet sugar factory, two lumber and coal yards, and livestock brokers, could all be served by the Denver & Rio Grande by building a switch or a connection and using the carrier's tracks to reach the industries. The poultry plant at Spanish Fork is about 200 feet from the end of the carrier's spur track, and that plant as well as the one at Payson might be served by the Union Pacific, which now serves a cooperative storage warehouse at that point, by use of the carrier's tracks. In addition to the industries referred to specifically, there are other business concerns on the line, devoted principally to the handling of fuel and petroleum products.

The passenger traffic handled on the line during each of the eight years 1938-45:

Year	Passengers
1938	238,287
1939	210,514
1940	193,918
1941	182,985
1942	379,216
1943	636,985
1944	599,658
1945	492,851

During each of the five years 1941 45 the carrier handled the following carloads:

Year	Total	Local	Off-Line	Overhead
1941	10,806	1,690	8,121	995
1942	10,192	1,136	7,832	1,224
1943	10,294	951	8,158	1,185
1944	9,799	1,054	7,763	982
1945	11,015	1,430	8,085	1,500

The overhead was all coal shipments. The remainder of the tonnage consisted principal1y of coal, manufacturing and miscellaneous and agricultural products, The total less than carload freight handled during the five year period amounted to a total of 35,134 tons.

(Revenue and financial figures are not shown.)

The operating losses in the last two years are attributed principally to loss in passenger revenues and increase in maintenance costs. The decline in the 1945 passenger revenue was the result primarily of the termination of construction of steel works near Provo and cancelation of government restrictions on travel in private vehicles.

The receiver was instructed by the court to impound in a separate account cash on hand prior to the receivership, intended for liquidation of the carrier's debts, and to operate the line with funds received from the operations. From the date the carrier went into receivership or soon thereafter, until termination of its operation by the receiver, connecting carriers demanded junction settlements on interline accounts, resulting in many instances in shippers being required to advance the freight charges before freight was delivered. The receiver was not permitted to borrow money on the security or its own certificates and the power company demanded daily settlements on purchases of electric power, amounting to an expenditure of about $5,000 a month. Daily settlement on rental for use of the terminal facilities at Salt Lake City at the rate of $175 a day was also required. For all practical purposes the receiver was operating on a cash basis, except with respect to the employees who were paid twice a month.

Shippers along the line are opposed to the granting of the application. They are fearful that the abandonment of the line might leave them without any rail service. Most of them believe that the service rendered by the carrier, particularly frequent switching and prompt car service, cannot be duplicated by another railroad. Nearly all anticipate large increases in tonnage upon return to normal conditions. The principal shippers have pledged themselves to increase their traffic by more than 900 carloads for the first four months of 1946.

The Utah Idaho Sugar Company is not entirely dependent upon the carrier for transportation. In . addition to the West Jordan factory, it owns the sugar factory at Spanish Fork and a storage warehouse at Lehi, both of which served also by the Denver & Rio Grande and the Union Pacific. In order to avoid congestion and because of limited trackage space, frequent switching service is required at the plant, particularly during the shipping season. Expansion of the trackage facilities is considered difficult and expensive, as the space available is limited. The Spanish Fork factory has not been operated for the last three years. Beets have been stored at that plant and later shipped to the West Jordan factory. In 1945 the Company shipped over the line a total of 2,429.carloads, of which 1,490 carloads were sugar beets, 3,371 carloads of sugar and the remainder dried beet pulp, coal, lime rock, etc. Its traffic amounted to 1;638 carloads in 1944 and.1;510 carloads the previous year. The Utah Poultry. Producer's Cooperative has a total of 27 assembling and distributing plants in Utah and Idaho. It furnishes feed and other supplies to 4,000 members and markets their eggs and poultry. The plants located on the line handled a total of 1,049 carloads in 1943, of which 505 carloads consisted of manufactured feed, 318 of eggs, and 191 of grain; 1,158 carloads in 1944 and 955 in 1945 consisting of like commodities.

A lumber and hardware company at Magna, representing an investment of $27,000, shipped over the line 48 carloads of coal and one of lumber in 1945. All of the Magna industries could be served by the Denver & Rio Grande by building a connection with that railroad at a point probably a mile from the lumber and hardware company's plant. Granger has a grocery and coal yard business, which has been recently enlarged at considerable expense the belief that the line would continue to operate. That concern delivers coal within a radius of 20 miles. It received over the line,79 carloads in 1945 and 69 the previous year. Its manager is of the opinion that he would be unable to continue in business without railroad service. An automobile dealer from Riverton shipped about 75 carloads of automobiles a year prior to the war and expects an annual traffic of from 75 to 100 carloads in the future. His place of business is 2.5 miles from a line of the Denver & Rio Grande. Another Riverton dealer has received over the line, automobiles in carload lots in lesser number. The coal and lumber yard at Lehi received 131 carloads in 1945, principa1ly grain products. If the yard is to be provided service by another railroad, the construction of a 70-foot switch would be necessary. The manufacturer of concrete pipe at Pleasant Grove received 149 carloads in 1945, of which 116 consisted of cement, and 84 carloads the previous year. The plant is less than a mile from the Union Pacific station. Its representative estimated that shipments for the first half of 1946 would amount to 40 carloads. A distributor of petroleum products at Pleasant Grove, whose .plant is on the line of the carrier and about 1.5 miles from the Union Pacific station anticipates.an annual tonnage of 144 carloads. During the war, his traffic moved by truck, and upon return to normal operations he intends to ship by rail about one half of the total freight.

A large number of fruit shipments are made from the Orem station. The Orem Peach Growers, an association of fruit growers, shipped 191 carloads of peaches in 1944 and 198 carloads of peaches and 200 carloads of pears and apples in 1945. A cooperative association from Orem, also fruit growers has increased its production from 81 in 1941 to 169 carloads in 1945. An increase in production of agricultural products is anticipated upon completion of a reclamation project which will supply additional water for irrigation purposes. Orem shippers contend that the trucking of peaches and other perishable fruit to Provo, the nearest rail station on another railroad, would increase the transportation costs 15 to 25 percent; that they will not as good car service from another railroad as is rendered by the carrier; that the siding at Provo is inadequate to handle their traffic, and that abandonment of the line would curtail the mail service.

The produce dealer at American Fork has a packing plant and warehouse of a capacity of 15 carloads. He shipped 164 carloads by rail in 1945. The line of the Union Pacific is across the street from the plant. The lumberyard at Spanish Fork receives about 25 carloads of traffic a year. If a track connection is made with the line of the Denver & Rio Grande and that railroad operates over the carrier's tracks, Spanish Fork will be confronted with steam line operation on its main street, which.is considered a greater hazard by the people of the community than the present operations by the electric line. The operator of the lumber and coal yard at Payson, who also operates a similar business at Spanish Fork, has been handling in the last two years at both plants between 50 and 60 carloads annually. When his operations return to normal, he expects to ship by rail an annual tonnage of between 75 and 100 carloads. Shipment from a Union Pacific or Denver & Rio Grande station would involve a haul of from one to two miles and additional transportation costs. The. Denver & Rio Grande has station facilities at Payson consisting of a station house, loading platform and a small warehouse. The canning company at Springville received 84 and shipped 120 carloads in 1945. In the event of the abandonment of the line, it would be compelled to truck its tonnage to another railroad at increased transportation costs estimated at from $50 to $75 a car and placed at a disadvantage in competing with canneries located on a rail line unless a connection is made with the tracks of the Denver & Rio Grande which cross the carrier's line a thousand feet or less from the canning plant and other industries at that point.

The application is opposed also by the Amalgamated Association of Street and Electric Railway and Motor Coach Employees of America, of which most of the carrier's employees, other than the general, officers and office force are members. As of December; 17, 1945, the carrier had on its pay roll, including the office help, about 138 employees. At least 48 of the employees ranged in age from 45 to 66 years and not less than 20 had 25 or more years of service. Because of age some will be precluded from obtaining employment with other railroad lines, probably resulting ' in lower compensation upon retirement. Counsel for the employees, other than the office force, requested in the event of abandonment of the line, the imposition of conditions requiring payment to the employees equal to one year's wages, or conditions similar to those incorporated in the so called Washington Job Agreement. The representative of the office force sought the imposition of conditions in case of liquidation of the property requiring the applicants to pay to the employees whatever money is left over after payment of debts. In Finance Docket No. 13979, Chicago, A. & S. R. Co. Receiver Abandonment, 261 I.C.C. , we stated, relative to the imposition of conditions where an entire railroad is permitted to be abandoned, in part as follows:

Manifestly dismissal allowance to employees cannot reasonably be required in a case where the entire railroad of a carrier is permitted to be abandoned because it cannot make ends meet and the company is retiring from the transportation business, Susquehanna & Co. Abandonment, 252 I.C.C. 81.

Consequently we will impose no conditions for the protection of employees in this case.

The line was operated at substantial losses for almost two years prior to the receivership. The receiver was directed by the court to suspend operation on the ground, among others, of a continuing operating deficit. The traffic handled was not producing sufficient revenue to meet at least operating expenses. During the 20 or 21 years of its ownership of the property, the carrier's predecessor spent about 13 years in receivership, which ended in unsuccessful operation. The carrier competed for traffic with steam railroads serving the tributary territory, and neither it nor its predecessor managed to secure a sufficient share of the tonnage to permit continued operation of the line without financial loss. The prospects of the development of additional traffic which would permit the line to become self sustaining are not encouraging, notwithstanding the large increases in shipments anticipated by the shippers.

Aside from the substantial losses in traffic and revenues, the line in the near future will be in need of rehabilitation, for which large expenditures will be required. Its abandonment might inconvenience or damage some shippers and require others to incur additional charges for truck transportation or expend substantial sums of money for' the construction or rearrangement of industrial tracks or sidings, but continued operation at financial loss would impose an undue burden upon the applicant and upon interstate commerce. Most of the points on the line will have the services of two or more rail carriers. Nearly all of the principal industries which have been served exclusively by the carrier could be served by other railroads by the construction of track connections or operations over portions of the carrier's tracks. We will therefore permit the abandonment on condition that the applicants sell the line, or any part thereof, to any railroad company offering within 40 days from the date of our certificate to purchase the same for continued operation at a price not less than the net salvage value thereof.

Subject to the condition with respect to an offer to sell the line, above referred to, we find that the present and future public convenience and necessity permit abandonment as to interstate and foreign commerce, by The Salt Lake & Utah Railroad Corporation, and S. J. Quinney, receiver, of the entire line of railroad in Salt Lake and Utah counties, Utah, described herein. On the understanding that before recording in its books, the related journal entries to show retirement of the line from service, the applicant shall first submit the entries for our approval, an appropriate certificate will be issued, effective from and after 40 days from its date in which suitable provision will be made for the revocation of concurrences and powers of attorney and for the cancelation of tariffs applicable to interstate and foreign commerce.

Certificate Of Public Convenience And Necessity

At a Session of the Interstate Commerce Commission, Division 4, held at its office in Washington, D.C., on the 29th day of April, A.D. 1946.

Finance Docket No. 15153

Salt Lake & Utah Railroad Corporation Receiver Abandonment

Investigation of the matters and things involved in this proceeding having been made, a hearing having been held, and said division having, on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is hereby certified, That, subject to the condition set forth in this report herein, the present and future public convenience and necessity permit abandonment, as to interstate and foreign commerce, by The Salt Lake & Utah Railroad Corporation and S. J. Quinney, receiver, of that company's entire line of railroad in Salt Lake and Utah counties, Utah, described in the report aforesaid.

It is ordered, That this certificate shall take effect and be in force from and after 40 days from its date. Concurrences and powers of attorney applicable to interstate and foreign commerce on said lines of railroad may be revoked upon not less than 20 days' notice to this Commission, and tariffs applicable thereto may be canceled upon notice to this Commission, and to the general public by not loss than 10 days' filing and posting in the manner prescribed in section 6 of the Interstate Commerce Act.

It is further ordered, That the said receiver, when filing schedules canceling tariffs applicable to interstate and foreign commerce on said lines of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

And it is further ordered, That the said receiver shall report to this Commission as required by valuation order No. 240 effective May 15, 1928.

By the Commission, division 4

W. P. Bartel

(SEAL) Secretary