

In the Matter of the Investigation)
of the Proposed abandonment by)
The Salt Lake & Utah Railroad)
Corporation and S. J. Quinney,)
Receiver of said Railroad of the)
entire railroad and the operation)
thereof.)

Case No. 2925

R E P O R T

DOCKETED

Submitted: March 19, 1946

Decided: June 6, 1946

Appearances:

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

By the Commission:

This proceeding was initiated before the Public Service Commission of Utah by the issuance of an order directed to and served upon The Salt Lake & Utah Railroad Corporation and its Receiver, S. J. Quinney, to show cause why said Railroad Corporation and its said Receiver, S. J. Quinney, should abandon its operations and entire line of railroad in Utah.

The Salt Lake & Utah Railroad Corporation and S. J. Quinney, Receiver thereof, had petitioned the Interstate Commerce Commission for abandonment of its operations and entire line of railroad in Utah.

A joint hearing was held before the Interstate Commerce Commission and the Public Service Commission of Utah on the abandonment on the 14th day of January, 1946.

The operation of the line has at present been discontinued insofar as The Salt Lake & Utah Railroad Corporation is concerned. The Federal Court has directed the Receiver to suspend all operations that involved a loss and there are no funds of a substantial nature to continue the operation at the present time.

The line was built in 1913-17 for the purpose of rendering an electric interurban service. The line went into receivership in 1925 and was sold to the present corporation in May, 1938. It is a

single-track standard-gage electrically operated railroad. Since its construction, the line has carried passengers, freight express and mail, but its passenger service has gradually decreased generally, and its freight business has assumed a more important position.

During the 14 years between 1920-33, the passenger revenues declined from \$449,044 to \$58,437 while the freight revenues increased 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 last 5 years, approximately 51 percent moved intrastate with gross revenues of \$674,189 while the interstate shipments produced a revenue of \$1,136,583.

The bus line formerly owned by the carrier was sold for \$50,000, and the truck line which was the property of a wholly owned subsidiary of The Salt Lake & Utah Railroad Corporation was sold for \$25,000. The freight cars were sold, 73 of them, for \$424.65 each, of which 66 cars have been delivered and paid for. The station property at Provo, formerly a depot site, was sold for \$76,800 and a new depot located in another part of the city.

The equipment owned by the carrier, as of December 31, 1945, consists of 6 locomotives, 3 baggage cars, 11 passengers cars, 9 box cars, and some work equipment, including 5 hopper bottom cars and 3 gondolas used mostly in keeping service. The estimated net salvage value of the line is shown to be \$271,000, including \$50,000 for the value of real estate.

The line connects with the Bamberger Railroad, the Union Pacific, the Denver & Rio Grande, the Salt Lake Garfield & Western Railway and the Western Pacific at Salt Lake City; the Denver & Rio Grande and Utah Railway at Provo; and the Union Pacific at American Fork and Ironton. The main track of The Salt Lake & Utah Railroad Corporation is quite closely paralleled for its entire length by the Denver & Rio Grande and the Union Pacific. Various highways also parallel the line on which motor carriers, both freight and passenger, are operated.

The territory through which this line runs 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

ake City, known as the Salt Lake Terminal. At one time The Salt Lake & Utah Railroad Corporation was a joint owner with the Bam-berger Railroad of the Salt Lake Terminal, but it now operates as a tenant.

The operating results of the line for the 6 years from 1940 to 1945 are shown to be as follows:

Operating revenues, including revenue from bus operations, \$470,705, \$504,816, \$650,132, \$771,036, \$717,360, and \$608,438; 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; and net income, \$32,477, \$29,179, \$32,416, \$21,324, \$19,224 (loss) and \$80,183 (loss).

During recent months, the line has been operating on a cash basis paying the connecting carriers cash for their freight charges and then collecting from the receivers of the freight. The line requires quite heavy expenditures for reconstruction and rehabilitation. The line has practically no fund available for such reconstruction, and the Receiver is not authorized by the Federal Court to issue receivers certificates for such purposes. Not being able to borrow money, the Receiver has been forced to suspend operations and the resumption of operations either interstate or intrastate appears to be impossible at this time.

Shippers and receivers of freight along the line are opposed to the granting of this application for the reason that they may be left without service.

From the record made in this case, it is our opinion that the line cannot be operated except at a deficit. Under these circumstances, we find that The Salt Lake & Utah Railroad Corporation and S. J. Quinney, Receiver, should be authorized to abandon operations of the line and the railroad itself upon condition that the Receiver will offer for sale to railroads for continued operation all of the line or any part of said line of railroad.

An appropriate order shall follow.

Donald Hacking
DONALD HACKING, Chairman /s/

W. R. McEntire
W. R. McENTIRE, Commissioner /s/

Oscar W. Carlson
OSCAR W. CARLSON, Commissioner /s/

Attest:

Royal Whitlock
ROYAL WHITLOCK, Secretary /s/

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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Receiver of said Railroad of the)
entire railroad and the operation)
thereof.)

Case No. 2925

O R D E R

DOCKETED

Investigation of the matters and things involved in this proceeding having been made, a hearing having been held and the Public Service Commission of Utah 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 ORDERED, That subject to the conditions set forth in said report, the present and future public convenience and necessity permit the abandonment, by The Salt Lake & Utah Railroad Corporation and S. J. Quinney, its Receiver, of that company's operations and entire line of railroad located in Salt Lake and Utah Counties, Utah, described in said report.

IT IS ORDERED, That this order shall take effect and be in force from and after its date. Concurrences and powers of attorney applicable on the lines of The Salt Lake & Utah Railroad Corporation may be revoked upon not less than one day's notice to this Commission, and tariffs applicable thereto may be cancelled upon one day's notice to this Commission and the public.

Dated at Salt Lake City, Utah, this 6th day of June, 1946.

Donald Hacking
DONALD HACKING, Chairman /s/

W. R. McEntire
W. R. McENTIRE, Commissioner /s/

Attest:

Royal Whitlock
ROYAL WHITLOCK, Secretary /s/

Oscar W. Carlson
OSCAR W. CARLSON, Commissioner /s/

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Dated at Salt Lake City, Utah, this 6th day of June, 1946.