

Decision No. _____.

ORIGINAL

Decision No. 16775

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of)	
SOUTHERN PACIFIC COMPANY to discon-)	
tinue the agency depot at Mt. Hebron,)	Application No. 1111.
Siskiyou County, California.)	
.....)	

Geo. D. Squires, for Southern Pacific Company,
A large number of shippers representing pro-
testants.

LOVELAND, Commissioner.

O P I N I O N

On February 20, 1914 the Southern Pacific Company in pursuance to General Order No. 36 filed with the Commission its application for permission to abandon the agency now maintained at Mt. Hebron, Siskiyou County, California, until such time as traffic would warrant its re-establishment. Together with the application there were submitted data purporting to show that the business done at this point is not of sufficient volume to justify the continuance of an agency and that the carload shipments, which constitute the larger portion of the business, could readily be handled with little inconvenience to the shippers without this agency.

Upon investigation it appeared that the figures submitted by the company were correct, and informal permission for the closing of this agency was given, with the understanding that if further investigation developed the fact that an agent should be maintained in the future, this agency should be reopened on the suggestion of the Commission without the necessity of formal proceedings.

Immediately upon notice by the Southern Pacific Company to the shippers of Mt. Hebron that the agency would be abandoned vigorous complaint was made by the interested parties to this Commission against the closing of this agency, it being alleged that the business of certain shippers would suffer greatly if the agency were removed. The Commission found it necessary to suspend its ex parte permission granted April 7, 1914 and set the matter down for a hearing. This hearing was held in Weed on June 12, 1914, with the applicant and the principal shippers represented before the Commission.

The applicant states that the following amount of business was handled at Mt. Hebron during the year ending December 31, 1913:

	Forwarded		Received		Total	
	Tons	Revenue	Tons	Revenue	Tons	Revenue
Carload	6752	15377.34	236	1377.72	6988	16765.05
Less Than Carload	49	339.50	114	1727.45	163	2056.96
	<u>6801</u>	<u>15716.84</u>	<u>350</u>	<u>3105.17</u>	<u>7151</u>	<u>18822.01</u>

Principal Commodities (included in above)

Lumber	6277	12474.32			6277	12474.32
Cattle	177	1359.32	140	1062.56	317	2421.88
Hay	171	816.70			171	816.70
	<u>6625</u>	<u>14650.34</u>	<u>140</u>	<u>1062.56</u>	<u>6765</u>	<u>15712.90</u>

These figures show that for the year ending December 31, 1913, 6,988 tons of freight in carload lots were received at and forwarded from this station, and that the freight charges accruing thereon amounted to \$16,765.05. The applicant states that this figure represents the long distance haul from Mt. Hebron Station to the big centers, such as San Francisco and Portland, rather than the work as done at this station; and also, that the large charges are because of the work done by the trains rather than by the station. Applicant maintains that the less-than-

carload shipments amounting to 163 tons, with a revenue thereon of \$2,056.96 for the year, should be considered as the one reason for maintaining an agent. It is also stated that ninety percent of the entire tonnage both forwarded and received is lumber shipped from one concern.

The Southern Pacific Company at the hearing declared that it would continue Mt. Hebron as a non-agency point, with a waybill box for the convenience of the shippers and with the train conductors acting in the place of an agent---an arrangement that, according to the company, has proven entirely satisfactory in a number of places in this state where the total business is largely in excess of that done at Mt. Hebron. The company agreed, however, that this arrangement would not take care of the convenient handling of passengers and their baggage and would result in the further inconvenience that freight shipments to this point would either have to be prepaid or shipped under bond.

The protesting shippers generally claimed that the discontinuance of this agency would result in monetary loss and great inconvenience to them, and that from a revenue point of view such an action by the railroad company would be entirely unjust and unwarranted. It was stated that the railroad business handled at Mt. Hebron during the last few years has not decreased but increased in volume, and that the prospective business for the present year is much larger than that which was actually handled last year. The protestants also claimed that they believe themselves discriminated against in favor of the agency point, Macdoel, which is located only 2.6 miles north of Mt. Hebron. It is stated to the Commission that the business done at Macdoel has been less during the past years and will be very considerably less in the future than that originating from and destined to Mt. Hebron.

At the hearing in Weed I requested that the company furnish the Commission a statement showing the passenger and freight business handled at Mt. Hebron for the last four or five years, and also a comparative statement of business done as between Mt. Hebron and Macdoel. This information was only partly furnished by the company, but sufficient data are on hand for a decision in this matter.

It was maintained at the hearing by the attorney for applicant that the passenger business and the less-than-carload business should be the governing factors in a case of this kind. It is true that the necessity for a station depends upon the convenience to the public and on the amount of business done, and must be measured to a large extent by the passenger and less-than-carload business. But I cannot agree that this is the sole test. I believe that the Commission should have in mind all other important factors entering into the situation. In this case the principal factors are:

- 1st. The history of this station;
- 2nd. The amount of business handled;
- 3rd. The increasing or decreasing amount of business chargeable to this station;
- 4th. The relative importance of this station as compared with other agency points in the neighborhood;
- 5th. Special conditions.

As to the first point, the applicant's witnesses stated that this station was established as "a gambling chance," because a great amount of stock and other shipments were expected from this point; but that this expectation later on did not materialize. The Commission, however, made its own investigation, and finds that when this line was built in 1906 and 1907 the California

Northeastern Railway Company, a subsidiary of the Central Pacific Railway Company, acquired a 100-foot right of way about 2½ miles long through the "Boyes Ranch." This strip of right of way, amounting to over 27 acres, was granted to the railroad company free, with the written understanding that a passenger and freight depot be established and maintained at Mt. Hebron. In 1908 the company, in accordance with this agreement, built a two-story combination freight and passenger depot, costing over \$7,000, and erected section buildings, water station, and other structures, at an additional expense of over \$17,000; it also established an agent. If it is a fact that the company took a gambling chance on an agency at this point, it appears to me that this chance could have been taken with a very much less original and permanent investment. At any rate, I believe that the Commission is bound to consider the fact that this depot and this agency were established in the fulfillment of the terms of a clear and definite agreement. I agree with the applicant's contention that an order of this Commission must be paramount to any private interest and will supersede the terms of private agreements; but this Commission will certainly, wherever necessary, take into consideration agreements that may have, in good faith, been entered into between public utilities and private parties.

The amount of business handled at Mt. Hebron during the year 1913 is correctly shown in the statement made by the company in its application and given heretofore. If the less-than-carload freight business and passenger business were the only test of the necessity of an agency or a station, applicant, in my opinion, would be justified in discontinuing this agency. I believe, however, that the carload business should be considered when the revenues and expenses of a station are compared. This is especially true in this case, where it was shown beyond question that shippers

living a considerable distance away from the station would be much inconvenienced by the absence of an agent and, owing to the nature of their business, might be subjected to serious loss through the failure to get cars promptly when ordered and needed. The revenue accruing from all freight and passenger business at this station for the year ending December 31, 1913 amounted to \$21,202.15, and this showing, in my opinion, is not so discouraging as to warrant the abolishing of an agency that has been in existence for five or six years. This seems to me especially true if it can be shown that the business is not decreasing, or at a standstill, but increasing.

In order to determine whether or not the business at Mt. Hebron is on the decline, the applicant was requested to furnish a statement showing the conditions for the last four or five years. These figures were compiled for the freight business but not for the passenger traffic. The totals are as follows:

FIVE YEAR STATEMENT OF FREIGHT BUSINESS AT MOUNT HEBRON STATION.

Fiscal year ending June 30.	Tons Forwarded		Tons Received		Totals.
	Car Load	L.C.L.	Car Load	L.C.L.	
1910	6765	65	1867	878	9575
1911	8472	103	3430	1122	13127
1912	10865	98	834	789	12586
1913	8123	62	307	549	9041
1914 (1)	8242	64	246	318	8870

	Charges on Freight				Totals.
	Forwarded		Received		
	Car Load	L.C.L.	Car Load	L.C.L.	
1910	\$56,366.15	\$486.01	\$3,772.27	\$151.79	\$75,804.15
1911	19,589.89	510.51	8,985.91	8809.57	37,895.88
1912	14,446.98	894.02	4,925.02	4210.79	24,476.81
1913	20,370.89	647.04	1,255.43	3526.41	25,799.77
1914 (1)	18,989.68	727.20	1,386.21	3083.70	24,186.79

(1) Year consists of June 1913 to May 1914 inclusive. Figures for June 1914 not ready.

There are fluctuations in the individual columns, but taking the business as a whole and as reflected in the last column

under "Total Charges on Freight," it does not appear as if the business had declined during the last three years. The first year and the first half of the second year clearly show an abnormally large business. This is the more apparent if the general decrease in business during the last year on the applicant's entire system is taken into consideration. The note in the above table with reference to the year 1914 should also not be overlooked. The testimony introduced at the hearing by the shippers from this point was unanimous and convincing that the present year would show a marked increase in business over the preceding twelve months. It was testified to that there are now over 400 residents tributary to Mt. Hebron, as against 60 or 70 at Macdoel, and a good many more than last year. The lumber mills seem to be operating on a larger scale now than in former years. One lumber company who shipped 189 carloads last year has this year contracts for the shipment of 400 cars. This particular shipper has to haul his lumber for a considerable distance, and to force him to ship at Macdoel instead of Mt. Hebron would add 3 miles to the length of his wagon haul. There are other shippers in relatively the same position.

I am by no means convinced that the business outlook at this time justifies the abandonment of this agency.

With reference to the relative importance of this station as compared with other points in the neighborhood, it has been pointed out heretofore that Macdoel, 2.6 miles north of Mt. Hebron, has also a freight and passenger depot and is also an agency point. The statements furnished by the applicant, upon the Commission's request, do not show the comparative freight and passenger business as between Mt. Hebron and Macdoel for a number of years. The applicant does give, however, a comparison of the passenger business at those two points for the 12 months ending

May, 1914. This comparison follows:

PASSENGER BUSINESS

MT. HEBRON and MACDOEL.

		<u>MACDOEL</u>		<u>MT. HEBRON</u>	
-----	Month	Number Passengers	Revenue -----	Number Passengers	Revenue -----
1913	June	152	\$ 215.00	149	\$ 191.05
	July	185	249.90	215	252.15
	August	97	184.75	164	251.85
	September	112	144.00	135	125.25
	October	137	223.65	142	191.75
	November	149	315.80	126	173.30
	December	151	296.15	128	250.35
1914	January	42	82.85	39	73.55
	February	46	69.10	45	39.90
	March	52	100.35	78	97.85
	April	91	172.45	82	101.20
	May	65	151.45	137	161.85
		<u>1259</u>	<u>\$2205.45</u>	<u>1440</u>	<u>\$1910.05</u>
	Average per day.	3.4		3.9	

It would appear from this table that there is but little difference between the two stations with reference to passenger revenue. Mt. Hebron handles more passengers and Macdoel produces slightly the larger revenue. I am convinced, however, that a great deal more business and revenue originates from and is chargeable to Mt. Hebron than to Macdoel. From May, 1913 to April, 1914, for instance, there was forwarded from Macdoel,

according to the testimony introduced at the hearing, 2761 tons in carload lots and 52 tons in less-than-carload lots, and there was received 105 tons in carload lots and 241 tons in less-than-carload lots, making a total of 3159 tons. At Mt. Hebron, during the period from June, 1913 to May, 1914, inclusive, the corresponding tonnage was 8242 tons in carload lots and 64 tons in less-than-carload lots forwarded, and 246 tons carload lots and 318 tons less-than-carload lots received, making a total of 8870 tons. The freight charges on this Mt. Hebron tonnage totaled \$24,186.29. The charges on the Macdoel tonnage are not available, but it is certain that they are less than one-half of the Mt. Hebron figure.

Certain special conditions enter into this case. I agree with the applicant that the establishment of two costly 2-story combination freight and passenger depot and their maintenance, in a territory so sparsely settled and little developed as this one, and within $2\frac{1}{2}$ miles of each other, represents an economic waste. The mistake, evidently, was made when the stations were built and the agencies established. Now that they exist and communities built up around them on the strength of this fact, it is a serious matter to deprive shippers of their facilities and the public of its necessities and conveniences. If these stations have been established under the terms of contracts, the Commission will be slow to disturb such contractual relations unless it sees good reasons for doing so.

The fact should also not be lost sight of that a number of the principal shippers operate a considerable distance away from the Mt. Hebron station. Such shippers are more in need of an agent than others living close to the depot. I believe that their convenience should be considered.

I find therefore as a fact that the discontinuance of the freight and passenger agency at Mt. Hebron, Siskiyou County, California, would result in great inconvenience and loss to the public and to the shippers, and that the public convenience and necessity is served by a continuance of this agency; and I recommend that the application be denied,

I submit herewith the following form of order.

O R D E R

The Southern Pacific Company on February 20, 1914, having made application to the Commission for permission to abandon the agency now maintained at Mt. Hebron, Siskiyou County, California, until such time as traffic will warrant its re-establishment; and a public hearing having been held in this matter; and it appearing to the Commission that the discontinuance of this agency would result in inconvenience and loss to the public and the shippers; and that the public convenience and necessity is served by the continuance of this agency; and that the application should be denied;

IT IS HEREBY ORDERED. That the application be denied, without prejudice, and that applicant continue, until further order by this Commission, the freight and passenger agency at Mt. Hebron, Siskiyou County, California.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 18th day of July, 1914.

John M. Eschman
H. D. Galand
W. H. Ford
Wm. Thelert
Edwin O. Edgerton
Commissioners.