

Decision No. 27382.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
(a) SOUTHERN PACIFIC COMPANY for an
order authorizing it to close its
agency at Caruthers Station, County
of Fresno, State of California, and
(b) RAILWAY EXPRESS AGENCY, INC. for
an order authorizing it to abandon
its agency at said station.

ORIGINAL

Application No. 18918.

Roy C. Hillebrand, for Southern Pacific Company
and Railway Express Agency, Inc., Applicants.
C. M. Ozia, for Chamber of Commerce of Caruthers
and Citizens of Caruthers, Protestants.
B. C. Lewis, for Order of Railroad Telegraphers,
Protestants.

BY THE COMMISSION:

O P I N I O N

In this joint application Southern Pacific Company seeks authority to discontinue agency service at its Caruthers Station in Fresno County and thereafter operate it as a non-agency station, and Railway Express Agency, Inc., asks permission to abandon its agency at Caruthers and eliminate this station from its records.

A public hearing was conducted in this proceeding by Examiner Hunter at Caruthers on August 29, 1934, at which time the matter was taken under submission with a provision that Southern Pacific Company file with the Commission a statement showing the volume of business conducted at Caruthers by months during the past two years, together with a record of the revenues received therefrom. This data has now been filed as part of the record in this proceeding.

Caruthers Station is located on Southern Pacific Company's Kerman Branch, San Joaquin Division, in Fresno County.

The nearest agencies to this station are Armona, 18.4 miles to the south, and Kerman, 17.7 miles to the north. The present train operation on the branch consists of a local freight train operated tri-weekly in one direction from Kerman to Goshen Junction.

The following tabulation, taken from Exhibit No. 1, shows the results of Southern Pacific Company's operations at Caruthers over a two-year period:

	Year Ended June 30th, 1934	Year Ended June 30th, 1933
<u>STATION DATA:</u>		
Baggage handled - pieces	3	-
Number of waybills made	290	107
Number of freight bills made	379	332
Western Union messages	374	264
<u>FREIGHT RECEIVED AND FORWARDED:</u>		
Carloads - cars	162	32
*Carload revenue - local	\$2,301.	\$988.
Carload revenue - interline	648.	427.
*Less-than-carload revenue - local	390.	255.
Less-than-carload revenue - interline	49.	85.
Pacific Motor Transport revenue	198.	251.
<u>PASSENGERS AND REVENUE:</u>		
Agency reports - passengers	17	26
Agency reports - revenue	\$30.	\$64.
Milk and cream - cans	-	-
Milk and cream - revenue	-	-

STATION EXPENSES COMPARED WITH LESS-THAN-CARLOAD
AND TICKET REVENUE FOR YEAR ENDED JUNE 30, 1934.

Total Station Expense	\$1,582.
Less-than-carload revenue	637.
Ticket revenue (agency reports)	80.

* For the items of local freight revenue, the amounts shown are one-half of total amount in order to allocate or credit to this station its proportion of the revenue derived therefrom.

The amount of business conducted by Railway Express Agency, Inc., during the year ending July 31, 1934, is shown in the following tabulation taken from Exhibit No. 3:

Month	Revenue	Expenses	No. Shipments
August, 1933	\$ 16.16	\$ 1.62	39
September, "	20.37	2.04	43
October, "	17.79	1.77	34
November, "	24.90	2.49	40
December, "	36.74	3.67	53
January, 1934	35.24	3.32	51
February, "	27.73	2.79	51
March, "	46.71	4.67	56
April, "	25.90	2.58	37
May, "	33.16	3.51	48
June, "	33.69	3.37	43
July, "	22.08	2.17	30
TOTAL	\$338.37	\$33.80	525

Average charge per shipment646
Average cost per shipment644

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The unincorporated Town of Caruthers, having a population of approximately 300, is the trading center for a large agricultural district. Cotton is the principal agricultural commodity shipped from this station. For the year ending June 30, 1934, out of 162 carloads forwarded, 139 (which moved during the months of October, November and December) carried cotton. Other carload commodities shipped to and from Caruthers consist of vegetables, lumber, fuel, road materials, gasoline and steel products. The cotton shipments over Southern Pacific Company's lines are handled largely through the Fresno office as a traffic representative from that office contacts the cotton shippers direct and arranges for the shipments, as well as issuing a statement of acknowledgment of delivery, the form of which was introduced as Exhibit No. 2.

The company's representative testified that the local agent had practically nothing to do with the cotton shipments from Caruthers and that large cotton shipments are now handled at non-agency stations. Southern Pacific Company proposes, if its application is granted, to provide a free phone in the station for the use of shippers to communicate with the adjacent agents and also store less-than-carload shipments in the company's freight house to

be kept under lock if an arrangement can be worked out for a nearby custodian of the key. Southern Pacific Company's less-than-carload business to and from Caruthers is handled by Pacific Motor Transport, which is a subsidiary of Southern Pacific Company, contacting the railroad at Fresno.

A representative of Railway Express Agency, Inc., testified that an effort had been made to secure the services of a reliable agent to handle its business at Caruthers in the event Southern Pacific Company removes its agent, who also acts as agent for the Railway Express Agency, but to date no representation could be arranged due to the small amount of business which is handled on a commission basis.

Various representatives of the district opposed the granting of this application on the grounds that if a non-agency railroad station were established, shipments could not be sent to Caruthers collect; that Southern Pacific Company's plan to require shippers to obtain the key from the custodian before receiving shipments from or storing them in the warehouse would work an unreasonable hardship on their patrons, as well as subject them to losses due to having no agent to see that the deliveries were made to the proper parties; that the parties would not be notified of the arrival of shipments or cars; that patrons receive considerable service from the agent in the way of billing, checking and advising of rail shipments; that if the railroad agency is discontinued, the district would be deprived of telegraph service as the agent acts as a telegraph operator; that business in this district is at a low level due to the general financial condition of the country, but with the return of better times the railroad's business would materially increase and that the new code affecting trucking operations would have the effect of increasing railroad shipments as it would lessen the differential between the rates for rail and truck shipments.

It may be noted from the figures shown above that the earnings from this station, other than those from carload business,

are materially less than the out-of-pocket expense of operating the station. The principal carload revenue comes from cotton shipments which are handled from the Fresno office, with very little aid from the local agent at Caruthers. While it is true that the volume of business and revenue is not the sole test in determining whether or not a carrier should maintain an agency, it is an important item to be considered.

With respect to Southern Pacific Company's less-than-carload shipments to and from Caruthers, which are carried by the Pacific Motor Transport, it is apparent from the record that the service to the public would be materially improved if the Transport could make deliveries direct to, and pickups from, the business establishments at Caruthers rather than deliver or receive them at the station, which necessitates a trip to the station by shipper or consignee. This situation obtains whether or not an agency is maintained at this point.

With respect to the contention that this agency should not be discontinued as it will deprive the district of telegraph service, it should be pointed out that the responsibility of providing reasonable and adequate telegraph service to this district is one for the telegraph company to assume rather than the railroad.

It was urged that the railroad business at Caruthers is now at a low point and that the company could reasonably expect an increase in the future. In this connection attention is called to the fact that in the prayer of this application Southern Pacific Company states that it desires to close this agency and maintain it as a non-agency until sufficient traffic has been developed to justify maintaining an agency at this point. It is recognized that the service at a non-agency station is inferior to that at an agency, but out-of-pocket losses in maintaining an agency station must be supported by a showing of public convenience and necessity to justify this operating loss.

After carefully considering the record in this proceeding it is concluded that the application should be granted and the following Order will so provide:

O R D E R

A public hearing having been held in the above entitled proceeding it is now ready for decision, therefore

IT IS HEREBY ORDERED (a) That Southern Pacific Company, a corporation, is hereby authorized to close its agency station at Caruthers and thereafter maintain same as a non-agency station; (b) That Railway Express Agency, Inc., is hereby authorized to abandon its agency at Caruthers and to eliminate said station from its records.

The authority herein granted is subject to the following conditions:

- (1) Applicants shall give the public not less than ten days' advance notice of the abandonment of their respective agencies by posting a notice at the station.
- (2) Applicant Southern Pacific Company shall continue said agency as a non-agency station.
- (3) Until more satisfactory arrangements have been worked out to take care of less-than-carload shipments, Southern Pacific Company shall store the same in its freight warehouse to be kept under lock, providing the company can secure a responsible individual or firm in the immediate vicinity to act as custodian of the key.
- (4) Applicant Southern Pacific Company shall establish and maintain a telephone at this agency for the use of its patrons to communicate with the adjacent agency station without charge.
- (5) Applicants shall, within thirty (30) days thereafter, notify the Commission in writing of the abandonment of their respective agencies as authorized herein and of their compliance with the conditions of this Order.
- (6) The authorization herein granted shall lapse and become void if not exercised within one (1) year from the date hereof, unless further time is granted by subsequent order.

The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 24th day of September, 1934.

Leon Whitney

W. J. Am

M. B. Lewis

W. C. Moore

Commissioners.