

Decision No. 31632.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of (a) NORTHWESTERN)
PACIFIC RAILROAD COMPANY for an order authorizing it)
to close its agency at Cotati, Sonoma County, State) Application
of California; (b) RAILWAY EXPRESS AGENCY, INC., for) No. 22198.
an order authorizing it to abandon its agency at)
said station.)

HORACE MYERS, for Applicant.
E. J. SHORT, for Order of Railroad Telegraphers, Protestant.
JOHN ADAMS, for Cotati Chamber of Commerce, Protestant.
LUZZI FERRERO, in propria persona, Protestant.
S. R. FRIZELL, for Frizell's Inc., Protestant.
ANDREW CUNNINGHAM, for Cunningham Hatcheries, Protestant.
R. A. COTIER, Secretary Odd Fellows Lodge, Protestant.
R. S. Rayburn, in propria persona, Protestant.

BY THE COMMISSION:

O P I N I O N

In this application Northwestern Pacific Railroad Company requests authority to close its agency station at Cotati, Sonoma County, California, and to maintain said station as a non-agency point.⁽¹⁾ Public hearing was held at Cotati on October 4, 1938, by Examiner Edwards, and the matter was submitted upon the filing of concurrent briefs. A review of the evidence and argument follows:

During the twelve-month period ending June 30, 1938, this station handled a monthly average of 11 cars (carload freight), 16 passengers, and 15 Western Union messages. It made out monthly 9 waybills and 98 freight bills. The revenues accruing and credited to this station for the 12-month periods ending June 30, 1938, and

(1) The application, as originally filed, embraced a request by the Railway Express Agency, Inc., for an order authorizing it to abandon its agency at Cotati. However, applicant subsequently withdrew this request by statement at the hearing.

June 30, 1937, were as follows: (2)

	Period Ending June 30, 1938	Period Ending June 30, 1937
Carload traffic - local Received and Forwarded (3)	\$3,290	\$5,861
Carload traffic - interline Received and Forwarded	2,624	722
Less-carload traffic - local (3) Received and Forwarded	463	548
Less-carload traffic - interline Received and Forwarded	18	28
Passenger	127	153
Railway Express (Approx.)	21	21
	<u>\$6,543</u>	<u>\$7,333</u>

The traffic and revenue as set forth in detail in Exhibit No. 2 are as follows:
(2) NORTHWESTERN PACIFIC RAILROAD COMPANY

COMPARISON OF BUSINESS HANDLED AT COTATI, CALIFORNIA, DURING
TWELVE MONTHS ENDED JUNE 30, 1938, AND JUNE 30, 1937, RESPECTIVELY.

REVENUE STATISTICS INCLUDE REVENUE ACCRUING TO SOUTHERN PACIFIC COMPANY
ON FREIGHT AND PASSENGER TRAFFIC HANDLED AT THIS STATION.

I t e m	Year	Year	Avg. Per Mo.		Comparison	
	Ended	Average	Ended	Average	Incr.	Decr.
	6-30-38	Per Mo.	6-30-37	Per Mo.		
	(a)	(b)	(c)	(d)	(e)	(f)
STATION DATA:						
Baggage handled - pieces	20	2	14	1	1	-
Number of waybills made	111	9	180	15	-	6
Number of freight bills made	1,180	98	975	81	17	-
Western Union messages	181	15	No Record	-	-	-
FREIGHT RECEIVED AND FORWARDED:						
Carloads - cars	135	11	184	15	-	4
Carload revenue - local*	\$3,290	\$274	\$5,861	\$488	-	\$214
" " - interline	\$2,624	\$219	\$ 722	\$ 60	\$159	-
L.C.L. " - local*	\$ 463	\$ 39	\$ 548	\$ 46	\$ -	\$ 7
" " - interline	\$ 18	\$ 2	\$ 28	\$ 2	-	-
PASSENGER AND REVENUE:						
Agency reports - passengers	187	16	88	7	9	-
" " - revenue	\$ 127	\$ 11	\$ 153	\$113	-	\$ 2
Milk and Cream - Cars	-	-	-	-	-	-
Milk and Cream - Revenue	-	-	-	-	-	-

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

(3) Only one-half of the revenues on local traffic is credited to Cotati. The other half is thus (in effect) credited to those other N.W.P. and S.P. stations at which this local traffic must either have originated or terminated, and at which corresponding station expenses were incurred.

The above revenue includes that accruing to both the Northwestern Pacific Railroad Company and Southern Pacific Company, i.e., the former was treated as a branch line of the latter. If the Northwestern Pacific revenues alone were considered, the above revenues would be a great deal less. It also includes revenues received from the freight handled by the Pacific Motor Trucking Company (hereinafter referred to as P.M.T.). As against this revenue the Northwestern Pacific Railroad Company incurred an annual expense (for year ending June 30, 1938) of \$1,942. This embraces the station agent's salary and station supplies and expenses, i.e., those expenses incurred as a result of the maintenance of an agent at this point. This station expense amounts to 29.7 per cent of the freight and passenger revenue credited to the station. The comparable ratio for the combined Northwestern Pacific and Southern Pacific, Pacific Lines, operations is 5.0 per cent.⁽⁴⁾ The remaining 95.0 per cent is absorbed by other operating expenses, fixed charges, etc. It appears that the station costs at Cotati absorb a disproportionately large percentage of the gross revenue accruing from the business handled at this point.

Applicant proposes to handle all less-carload traffic by the P.M.T. vehicles operating out of Petaluma. Shippers or consignees taking store-door pickup or delivery would be unaffected as their deliveries are now made by this truck service. Less-carload shippers who desire to make delivery at the station would be required to obtain

(4) The total railway operating expenses for the two carriers for 1937 were \$133,976,961, and the operating ratio was 76.8 per cent. - (operating expenses ÷ operating revenues). Expanding the above values to 100 per cent, the gross revenues become approximately \$174,000,000. The charges to Accts. 373, Station Employees, and 376, Station Supplies and Expenses, were \$8,657,718. The ratio between these two latter values is 5.0 per cent. It thus appears that over all stations (including non-agency points), an average of approximately 5.0 per cent of the gross revenues was required to provide for the station expenses here noted.

the depot warehouse key from a custodian (across the street from the station), open the freight house, and leave their goods along with the billing. The goods would be picked up by the P.M.T. truck, the freight bill receipted for, and the signed receipt left for the consignor. Consignees would be similarly required to obtain the freight house key, open the building, and take their goods. The key would be available to the public between the hours of 8:00 A.M. and 5:00 P.M. The volume of less-carload tonnage was not stated, but the revenue derived therefrom averaged \$41 per month, including that handled by P.M.T.

On carload traffic the shipper would be required to call the agent either at Petaluma (seven miles to the south) or at Santa Rosa (seven miles to the north) to order his car. This may be done either by use of a private telephone (Cotati is in the Petaluma telephone exchange and there is no toll charge), or by use of a railroad telephone provided at the depot. The car ordered would be set out, spotted, and picked up, as at present, by the train crew on the local freight. The shipper might either leave his billing in the billing box at the depot (for the train conductor to pick up, leaving a signed receipt), or he could meet the train and transact the operation directly with the conductor. As noted above, 135 cars were received and forwarded during the year ended June 30, 1938, or an average of

11 per month. (5)

The point was raised that on "shipper's order notify" cars, some potential delays over the present service might arise. Such car, in lieu of being set out at Cotati and there held by the carrier awaiting consignee's surrender of the order bill of lading⁽⁶⁾ (car to be spotted when such release was obtained), would be held instead at, say, Petaluma until the order bill of lading was surrendered to the agent at this or any other agency point. The same local crew that would have spotted the car for delivery at Cotati would bring it with them from, say, Petaluma, and spot it at Cotati. Under some conditions there would be no operating delays over the present, while in others the car that might have been spotted late one afternoon would not be spotted until the next morning. The delays depend upon the time of arrival of the car at, say, Petaluma, and the promptness with which consignee surrenders his order bill of lading. There were twelve such "shipper's order notify" cars in the twelve months ending August 31, 1938.

Shippers or consignees now receiving information from the local agent or filing claims with him would have to telephone

(5)	Forwarded		Received	
	Hay	1	Asphalt	6
	Manure	31	Cattle	2
			Coal	1
	Total	32	Fertilizer	3
			Limestone	1
			Grain & Grain Products	37
			Meal N.O.S.	37
			Poultry Food	11
			Horses	1
			Sand	3
			Sea shells	1
			Total	103

(6) The order bill of lading has to pass through a bank, and the shipment cannot be released until the consignee has met the draft obligations, i.e., paid for the goods. As there is no bank at Cotati, the banking arrangements have to be conducted at Petaluma, Santa Rosa, Sebastopol, or other point.

or file claims at the Petaluma or Santa Rosa stations. Additional contacts are available through periodic calls of the travelling agent or drivers of P.M.T. trucks.

Upon withdrawal of the agency all inbound shipments would have to be prepaid unless the consignee put up a bond, in which case collections would be made in the usual manner.

Applicant testified that the passengers would not be inconvenienced in that the waiting room would be kept open and maintained, the station would continue to be a regular stop for passenger trains serving the point, tickets could be purchased from the conductor, and the fares would be unaffected.

Concerning the general feasibility of the operation, applicant pointed to such other non-agency stations as Ely, Crown, Penngrove, Milford, and Bellevue. The agent at Cotati now does little telegraph or train order work, and applicant stated that the retention of the office was not needed for train operating purposes.

Several witnesses appeared to protest the abandonment.⁽⁷⁾

A shipper in the grain and feed business testified that from January 1, 1938, to date his freight charges had amounted to about \$4,500. Only a part of his shipments came in by rail, but, when possible, he gave them to the railroad. He desired continuance of the agency because of the added convenience of dealing personally with an agent in regard to rate quotations, claims, tracing, etc. While admitting that these matters could be handled by telephone, he felt that it would not be so convenient. The discontinuance of the agency would not affect the physical placement of his carload shipments nor inconvenience him as to less-carload traffic. He added, however, that

(7) The testimony of one witness, Andrew Cunningham, was stricken from the record as it related wholly to railway express shipments. As previously noted, the application to abandon the Express agency was withdrawn.

if the agency were removed he would bring in his shipments by truck, with the exception of some few carloads from out-of-state points. "Shipper's order notify" cars for this consignee were generally handled through a Sebastopol bank where the carrier now maintains an agent (jointly with the Petaluma and Santa Rosa Railroad Company).

A protest was lodged on behalf of the Chamber of Commerce and the Cotati Lodge of the I.O.O.F. upon the grounds that the abandonment of the agency would be a detriment to the town and result in the loss of a family to the community.

The operator of a grocery, liquor, and vegetable store stated his fear of shortages on depot deliveries if the agent were withdrawn, and pointed to the inconvenience of having every shipment prepaid. At the date of the hearing all his shipments were receiving store-door delivery (because of strike conditions in San Francisco) by P.M.T. He was uncertain as to the subsequent routing to be followed as this was controlled by the shipper.

Another witness, operating a grocery and general merchandise business, testified that he received nothing but less-carload freight all delivered by P.M.T. He questioned the convenience of having his shipments all prepaid. A shipper engaged in buying and selling cattle and horses testified that he was forwarding between 1,500 and 2,000 pounds of meat per week, all less-carload and all delivered to the station. He was not familiar with the carrier's proposed plan of handling the business in the event the agency was withdrawn and offered no comment thereon. The representative of a seed company receiving both carload and less-carload shipments, testified that there would be some inconvenience as a result of the

loss of the agent and the necessity for shipments being prepaid.

Concurrent briefs were filed by the applicant and the Order of Railroad Telegraphers, protestant. (8)

(8) Concurrent briefs were filed by Northwestern Pacific Railroad Company, applicant, and The Order of Railroad Telegraphers, protestant.

A. Applicant pointed, among other things, to the following:

That the functions performed at the agency in question are not necessary or essential to the service, as exemplified by experience at other non-agency points; that truck lines serving Cotati maintain no agent at points of this size; that, after deducting all other charges from the revenue derived from business handled at this station, only \$427 per year is left for station expenses and, that, after credit for certain of this revenue is given to those local stations at which the local traffic either originated or terminated, the residual amount is decreased to \$274, these amounts being compared with the annual agency cost of \$1,942; that on the basis of current ratios of station expense to operating revenues obtaining over the system, it would require five times the business now handled at Cotati to justify the continuance of the agency; that a principal reason for the retention of an agency is to accommodate passenger and less-carload business and, considering the small volume of this traffic, the agency costs are disproportionately high; and that public convenience and necessity demand that the railroad be released from uneconomic expenditures which sooner or later would be reflected in rates.

B. Protestant pointed, among other things, to the following:

That shippers will be deprived of the opportunity for personal conversation and discussion of their problems with an agent, except as may be conducted over the phone or by travelling a distance of up to 7 or 8 miles; that inconvenience will result from the requirement that inbound shipments shall be prepaid; that there is inconvenience and risk attached to less-carload depot deliveries; that delays will be occasioned in the handling of shipper order shipments; that the station has made a favorable showing with an average monthly revenue of \$877 compared with average monthly station expense of \$162, (revenue includes total receipts on inbound and outbound local traffic without credit for cost at origin or destination station); and that economies should be made in other directions.

CONCLUSIONS:

The protestants' testimony was generally to the effect that there would be an inconvenience attached to the loss of the personal contact with a local agent (such as in the matter of rate quotations, filing claims, freight collections, and tracing), in the requirements as to the prepayment of charges, and in the susceptibility of loss and damage on depot delivery of less-carload shipments. No question was raised as to the physical receipt and delivery of either less-carload or carload traffic.

In answer to the objections raised, the carrier pointed to its handling of freight at other non-agency points, to the personal contacts provided in the community by P.M.T. drivers and the travelling agents, both of whom may receive claims, to the ability to deal by telephone with the agents at Petaluma or Santa Rosa, to the ability to avoid prepayment of freight charges at non-agency points by putting up a bond, and to the relatively small volume of traffic handled at the station, the agency expenses for which absorb an unduly large part of the gross revenues credited thereto.

There is no doubt but that some inconvenience is inevitably attached to the abandonment of an agency. It is always more satisfactory to deal or converse direct with a man than to use a telephone. Also, there are certain regrets attached to the loss of a family by a small community and its organizations. As against these factors there must be weighed the carrier's need for economy and the fact that the physical transportation to and from Cotati in the form of both rail and truck service remains unaffected. Upon due consideration of all the facts of record, it appears that the application should be granted.

O R D E R

A public hearing having been held in the above-entitled proceeding, briefs having been filed, and the matter having been duly submitted,

IT IS HEREBY ORDERED that Northwestern Pacific Railroad Company be and it is hereby authorized, on thirty days' notice to this Commission and the public to abandon its agency at Cotati, in Sonoma County, and to change its station records and tariffs accordingly, subject to the following conditions:

1. Applicant shall continue said station as a non-agency station.
2. The abandonment of this agency shall not result in an increase of fares for passengers boarding trains at this point.
3. Applicant shall notify the public ten (10) days in advance of the closing of said agency by posting a notice in a conspicuous place at said station.
4. Applicant shall store less-than-carload freight shipments under lock in the company's warehouse and the company telephone, located at this station, shall be made available to patrons, the keys to both warehouse and telephone to be obtainable from a custodian located at or near said station, notice of which shall be maintained at said station advising prospective shippers and patrons where keys may be secured.
5. Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the abandonment herein authorized and of its compliance with the conditions hereof.
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 effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 9th day of January, 1939.

Robert H. Jones
Francis W. Miller
Ray H. Rice
H. P. M. H.
Justin J. Cameron