

ORIGINAL

Decision No. 22040

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of the)
SOUTHERN PACIFIC COMPANY for an order)
authorizing it to close its agency of) Application No. 22040
Edgewood, Siskiyou County, and to main-)
tain the same as a non-agency.)

R. S. MEYERS, for Applicant.

H. J. SHORT, for the Order of Railroad Telegraphers.

JAMES M. ALLEN, representing shippers of Edgewood.

BY THE COMMISSION:

O P I N I O N

The Southern Pacific Company herewith requests authori-
zation to close its agency of Edgewood in Siskiyou County and to
maintain same as a non-agency point until sufficient traffic shall
have been developed to justify the maintenance of the agency.

Public hearing was held in the matter before Examiner
Edwards at Mt. Shasta, on October 6, 1938. The matter was submitted
upon the filing of concurrent briefs which have now been received.
A summary of the evidence introduced at the hearing follows herewith.

The applicant's position was to the effect that, first,
the volume of business handled at this station did not warrant the
retention of an agent, secondly, that the removal of the agent would
not affect the shipping public, and thirdly, that the carrier was
under the necessity of retrenching wherever possible. The community
of Edgewood consists of a post office, creamery, and general merchandise
store. It is the center of a farming community having 132 registered
voters. The amount of traffic handled at the Edgewood station during
the 12 months ending April 30, 1938, is summarized in the table to

follow. (1) Attention is called to the fact that the revenues include the total accruing to Southern Pacific Company, except that on local traffic, half the revenue is credited to Edgewood and half to such other Southern Pacific points as originated or terminated the business. The revenues include those derived from less-carload traffic handled to

(1) The detail of traffic handled at Edgewood over a 2-year period as introduced by applicant is as follows:

SOUTHERN PACIFIC COMPANY
(Pacific Lines)

COMPARISON OF BUSINESS HANDLED AT EDGEWOOD, CALIFORNIA,
DURING TWELVE-MONTHS ENDED APRIL 30, 1938, AND
APRIL 30, 1937, RESPECTIVELY.

| Item | Year | Average | Year | Average | Avg. Per Month | |
|--|----------|---------|----------|---------|----------------|-------|
| | Ended | Per Mo. | Ended | Per Mo. | Incr. | Decr. |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| STATION DATA | | | | | | |
| Baggage handled - pieces | 18 | 2 | 22 | 2 | - | - |
| Number of waybills made | 41 | 3 | 41 | 3 | - | - |
| Number of freight bills made | 259 | 22 | 306 | 26 | - | 4 |
| Western Union messages | 192 | 16 | 123 | 10 | 6 | - |
| FREIGHT RECEIVED AND FORWARDED | | | | | | |
| Carloads - cars | 51 | 4 | 38 | 3 | 1 | - |
| Carload revenue - Local # | \$ 1,192 | \$ 124 | \$ 1,124 | \$ 94 | \$ 30 | - |
| Carload revenue - Interline | \$ 368 | \$ 31 | - | - | \$ 31 | - |
| Less-than-carload revenue - Local # | \$ 271 | \$ 23 | \$ 300 | \$ 25 | - | \$ 2 |
| Less-than-carload revenue - Interline | \$ 176 | \$ 15 | \$ 5 | - | \$ 15 | - |
| PASSENGERS AND REVENUE | | | | | | |
| Agency reports - Passengers | 13 | 1 | 12 | 1 | - | - |
| Agency reports - Revenue | \$ 71 | \$ 6 | \$ 61 | \$ 5 | \$ 1 | - |
| Milk and Cream - Cans | 120 | 10 | 59 | 5 | 5 | - |
| Milk and Cream - Revenue | \$ 37 | \$ 3 | \$ 27 | \$ 2 | \$ 1 | - |

= 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.

and from this point by the Pacific Motor Trucking Company, hereinafter referred to as the P.M.T.:

| <u>SOURCE OF REVENUE</u> | <u>AMOUNT</u> |
|----------------------------------|---------------|
| Carload Revenue - local | \$ 1,492 |
| Carload Revenue - interline | 368 |
| Less-carload Revenue - local | 271 |
| Less-carload Revenue - interline | 176 |
| Passenger Revenue | 71 |
| Milk and Cream Revenue | 37 |
| Railway Express (Approximate) | <u>213</u> |
| Total | \$ 2,628 (2) |

During the year ended April 30, 1938, 23 cars were forwarded and 28 cars received at this point. (3)

As compared to the above revenue of \$2,628 credited to Edgewood the carrier incurred a station cost of \$1,883 (4) for station employees, supplies and expenses. This cost was based upon the actual salary paid at this station during the year ended April 30, 1938. However, during two months of this period, i.e., May and June, 1937, the agent split his time between this station and Gazelle and, as a result, only half his salary was charged to Edgewood during this period. Following certain Labor Board rulings requiring the carrier to pay full-time compensation at each of the stations irrespective of such arrangement, a full-time man was put on at each point. Applicant testified that as the result of this order the annual cost at

(2) The total gross revenue, crediting the total receipts on local traffic to Edgewood, was approximately \$4,391. This is obtained by doubling the revenues shown in the above table for local traffic.

| (3) | <u>Cars Forwarded</u> | <u>CARS Received</u> |
|-----|---|---|
| | cattle 18 | cattle 13 |
| | dry bones 1 | cottonseed meal 3 |
| | Western Union Out- fit cars <u>4</u> | dairy feed 1 |
| | Total 23 | horses 1 |
| | | oats 1 |
| | | poles 2 |
| | | poultry feed 1 |
| | | salt 2 |
| | | Western Union Out- fit cars <u>4</u> |
| | | Total 28 |

(4) Wages \$1,767.50, telephone, light, stationery, miscellaneous supplies, etc., \$115.

this station hereafter would be \$2,015.99 in lieu of the actual expenditure of \$1,883 shown in its exhibit.

The expense of \$2,015.99 is 76 per cent of the revenue (\$2,628) credited to the station. Over the Southern Pacific Company's Pacific lines as a whole the comparable expense for station employees and station supplies and expenses (Accounts Nos. 373 and 376) amounts to approximately 5 per cent of the carrier's gross revenues.⁽⁵⁾ The remaining 95 per cent is absorbed by operating expenses, taxes, interest, etc. It is evident that the cost at Edgewood absorbs an extremely large percentage of the revenue credited to the station.

Applicant stated that it would install a railroad telephone which would permit the public to contact the agent at either Weed, 5 miles to the south, or at Gazelle, 7.6 miles to the north. The telephone might be used for ordering cars, obtaining information, reporting claims, etc. No agent is required at Edgewood for the purposes of train operation.

All less-carload traffic to and from Edgewood is now handled by P.M.T., with approximately two-thirds of it receiving store-door delivery and one-third depot delivery. Shippers or consignees receiving pickup and delivery would be unaffected by the abandonment of the agency as the freight would continue to be picked up and delivered at their door. For those handling goods through the depot a key would be left with a custodian located within 300 feet of the station. Shippers and consignees would pick up such key, open the freight house and deliver or pick up their goods, as the case might be. Billing papers would be left in a box provided for such and would be receipted for by the train conductor. Consignees would be notified by

(5) Southern Pacific Company's Pacific Lines' total railway operating expenses for 1937 were \$130,395,352. At an operating ratio of 79.0 per cent the gross revenues were approximately \$164,000,000. Expenses for station employees and station supplies, Accounts Nos. 373 and 376, totaled \$8,333,719. This latter value constitutes approximately 5 per cent of the gross revenue.

United States mail of the arrival of their freight and, in order to expedite delivery, the notices would be mailed at Edgewood by the P.M.T. driver.

During the year's period above noted 120 cans of milk and cream were handled at Edgewood. As the trains handling this milk and cream arrive at hours when the agent is not on duty, the train crews place the cans in the baggage room. The consignee, having been furnished a key, picks it up himself. Neither on the inbound nor the outbound movement does the Edgewood agent participate in the physical handling of the milk or cream.

Only 13 passenger tickets were sold at this depot during the year's period. Applicant testified that the closing of the agency would have no effect upon this traffic, one reason being that the present passenger train service (one train per day in each direction) through this point is at hours when the agent is not on duty. The station is a regular stop for these trains. The closing of the agency will involve no increase in passenger fares.

Concerning the possible theft of less-carload traffic left in the freight house, it was contended that no more difficulty was met with at these points than at agency points. Contacts with the travelling public would be maintained by applicant's travelling freight agents who reach this district about four times a month. This is in addition to the daily contacts made by the P.M.T. truck drivers. Applicant stated that it now has many hundred non-agency points where satisfactory service is being provided the public. In answer to a query applicant explained that its measuring stick in determining whether or not a particular agency should be abandoned was the amount of less-carload traffic handled, the number of passengers handled, and the operating department requirements. The basic motive, however, lay in its need for effecting economies.

Four shippers appeared for protestants. The first, engaged in the creamery business at Edgewood, opposed the abandonment on the grounds of the inconvenience in obtaining information, filing claims, etc., and the possible theft of butter shipments between the time they were loaded in a car and the time they were receipted for and picked up by the train crew. This witness testified that if the agency were closed he would ship his carload butter by truck. A second witness, engaged in cattle raising, expressed the opinion that cattle offered for sale at non-agency points were less attractive to buyers (who are responsible for the shipping arrangements) than stock offered for sale at agency points. The cattle from Edgewood area now move both by rail and truck, the better grade generally being shipped by rail and the poorer stock, viz., that usually purchased by small buyers, going by truck. A third witness, engaged in general farming, dairying and cattle-raising, stated that it had been three years since he had shipped his cattle through Edgewood but he indicated that he had done so in the past and might do so in the future. His shipments approximate 3 cars per year. The fourth shipper witness, the manager of a cattle-raising ranch, stated that his stock operations were just getting started with 84 head to be shipped via Edgewood this year. It was his intention to build this up in about three years to a maximum of approximately 500 head, or 15 to 18 cars. (6)

Concerning the cattle growers' fears for the movement of their stock through a non-agency point, a travelling freight and passenger agent for the carrier testified that such stock shipments were being handled through many non-agency stations. Lenz, Oregon, a non-agency point within the same traffic district as Edgewood was

(6) 30 to 32 head per car.

given as an example. Between 150 and 200 cars of cattle are shipped annually from this station.

Concurrent briefs were filed by applicant and protestants. (7)

(7) Concurrent briefs were filed by Southern Pacific Company, applicant, and by James M. Allen, Attorney for shippers of Edgewood, and H. J. Short for The Order of Railroad Telegraphers, protestants.

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

That the functions performed by the station agent at Edgewood are not necessary to the furnishing of transportation service as indicated by the existence of many non-agency stations; that freight claims, both small and large, may be handled through the Freight Claim Department of the Company; that the cost of furnishing the service is not warranted by the revenue derived from the business done, and that the traffic at this point should be at least fifteen times greater than it is to support the agency; that the lack of necessity for an agent may be judged from the operation of truck lines which do not maintain agents at points such as Edgewood; that the contact of the agent is principally with passengers and less-carload traffic, and that the agency expense at Edgewood exceeds the total system gross revenue derived from both these types of traffic; and that on the basis of the number of transactions handled there has been a decrease in this passenger and less-carload business.

B. The brief of James M. Allen, attorney for the shippers, among other things, noted the following:

That if the agency is closed it will have the same effect as the closing of the station, forcing a loss upon both shippers and the carrier; that for purposes of security and satisfactory business dealings cattle owners prefer to buy at points where there is a railroad agency; that difficulties may be expected in the handling of bills of lading; that there is a greater risk of loss or damage to the goods when the agent is removed; that the handling of damage claims is more satisfactory when an agent is present; that if the agency is closed shippers will turn to the use of trucks with the net result being a loss to the applicant; that the agency is being maintained at a profit; and that not only is the applicant's estimate of a future decrease in traffic in error, but an increase in traffic may be expected.

C. The brief of H. J. Short, representing The Order of Railroad Telegraphers, pointed, among other things, to the following:

That the gross revenues derived are greater than the agency expense involved; that the volume of business handled has been in the past greater for a full-time agent than for a part-time agent; that the carrier's system-wide expenditure of approximately 5 per cent for station expense is an unduly conservative amount; and that any plan is unsound which would affect the carrier's merchandising of its service.

CONCLUSIONS:

The principal factors to be considered in the matter of an agency abandonment include:

1. The public need for the service as generally indicated by the volume of traffic handled, particularly the passenger and less-carload business; the carrier's continued ability to effect the receipt and delivery of its traffic, especially less-carload shipments; the proximity to, or availability of, other agency stations; the dependence of neighboring non-agency points upon the agency in question; the character of the traffic; the special factors which may influence the present or future volume of the traffic; etc.

2. The carrier's financial ability to maintain the agency in question as indicated by a comparison of the agency revenues with the agency expenses and the carrier's need as a whole for financial retrenchment.

Dealing first with the problem of public need, this Commission has several times noted that the retention of an agency depends in substantial measure upon the volume of the less-carload traffic and the number of passengers handled, as the services of the agent are more essential in meeting the needs or the wants of this traffic than of other forms of traffic. (8)

The record indicates in this connection that the passenger tickets sold averaged about one per month while the less-carload shipments actually received and delivered by the agent at the depot average about two per week. (9) The milk and cream shipments while averaging something over two cans per week, are now physically handled by the consignee who retains a key to the baggage room. The distance to the nearest agency points is not excessive and contacts with them may be made by the company phone at Edgewood. The carloads received

(8) See for example Decision No. 1449 dated April 17, 1914 in Application No. 1027, and Decision No. 22211 dated March 13, 1930 in application No. 16219.

(9) Based on the number of waybills and freight bills issued with allowance for the number of carloads received and forwarded and the approximate volume of the less-carload traffic handled by P.M.T.

and forwarded average one per week, but a good part of the movement consists of cattle with the shipments concentrated in the fall of the year. The express business will remain unaffected. On the whole it appears that the necessary transactions between this agent and the public are relatively few.

In the matter of expense the record indicates that the station expense at this point absorbs a disproportionate amount of the revenues. Whereas 5 per cent of the carrier's revenues is normally devoted to agency expenses and 95 per cent to train operation, maintenance, taxes, etc., it appears here that 76 per cent is absorbed by the agency expense leaving only 24 per cent for these other requirements. The carrier's need for retrenchment is evidenced by its curtailment of needed maintenance because of lack of funds.

Upon consideration of all the facts of record in this case, and in the light of the decisions of this Commission in parallel cases, ⁽¹⁰⁾ it appears that this application should be granted.

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- (10) Since January 1, 1930 to date, a period of financial stress for the carriers, the Commission has granted formal authority to the carriers of this State to close well over 100 railroad station agencies and to operate nearly 50 more on a seasonal or part time basis. In the great majority of these cases no protest was made by shippers.

Although no set rule exists, this Commission has issued a full or conditional denial of an application where some combination of the following circumstances existed: The dependence of several non-agency points upon the station in question; the absence of other agencies to serve the territory; the existence of a large volume of passenger traffic; the existence of a severe drought or crop failure which unduly affected the agency's current revenue showing; a favorable showing of agency revenues as compared to the agency expenses; etc. See Decision No. 31318 dated October 3, 1938, in application No. 21895, (Larkspur on N.W.P.); Decision No. 31027 dated June 27, 1938, in application No. 21741 (Dunnigan on S.P.); Decision No. 24524, dated February 29, 1932, in application No. 17838 (Aromas on S.P.); Decision No. 24569 dated March 14, 1932, in application No. 17705 (Bethany on S.P.).

O R D E R

Public hearing having been held in the above entitled proceeding and the matter having been duly submitted,

IT IS HEREBY ORDERED that applicant, Southern Pacific Company, be authorized to abandon its agency station at Edgewood, Siskiyou County, California, 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 shall 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.

For all other purposes 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.

Richard S. ...
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