

Decision No. 31704.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of San Diego & Arizona Eastern Railway Company for permission to discontinue its agency service at Seeley and Plaster City Stations.

ORIGINAL

Application No. 22171.

Gray, Cary, Ames & Driscoll, by E. A. Walters,  
for applicants San Diego & Arizona Eastern  
Railway Company and for the Railway Express  
Agency, Inc.

H. J. Short, for The Order of Railroad Tele-  
graphers, protestant.

I. S. Elliott, for the Pacific Portland Cement  
Company, protestant.

Robert Hui, for the Hong Sun Company, protestant.

BY THE COMMISSION:

O P I N I O N

In this application the San Diego and Arizona Eastern Railway Company seeks the Commission's authority to discontinue its agency service at Seeley and Plaster City Stations, both in Imperial County. By a supplement, filed on October 24th, 1938, Railway Express Agency, Inc. asked that it be authorized to effect like abandonments.

A public hearing in this proceeding was held before Examiner Ager at El Centro on November 9th, 1938, at which time the matter was submitted on concurrent opening and closing briefs. Briefs have been filed and the matter is now ready for decision.

The record shows that the only patron of the applicants, in so far as the Plaster City station is concerned, is the Pacific

Portland Cement Company. Prior to the hearing, formal protest to the abandonment of this station had been lodged with the Commission by this shipper but a stipulation was entered into between the parties, after which counsel for the shipper announced the withdrawal of its protest. (1)

The evidence also shows that arrangements have been made whereby the Postmaster at Plaster City would handle the business of Railway Express Agency, Inc. It therefore appears to the Commission that, since the Pacific Portland Cement Company is the sole patron of the applicants at Plaster City and satisfactory arrangements have been made to care for its future needs, the application should be granted, in so far as rail agency service is concerned at Plaster City.

Having disposed of the Plaster City matter by stipulation, the Commission is now faced with the question of whether or not public convenience and necessity require the services of an agent at Seeley.

The evidence shows that joint agency service is now provided at Seeley and Plaster City by one agent who is stationed at Seeley between the hours of 8:00 A.M. and 1:00 P.M. and at Plaster City between the hours of 2:00 P.M. and 5:00 P.M. daily, except Sundays.

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(1) "The applicants here and the Pacific Portland Cement Company stipulate that the protest of the Pacific Portland Cement Company may be withdrawn, subject to the following conditions as hereby stipulated: That the Pacific Portland Cement Company has no objection to the discontinuance of the agency at Plaster City, provided the Railway Company will establish the telephone in the office of the Pacific Portland Cement Company at Plaster City, and permit the Pacific Portland Cement Company the free use of this telephone for company business with the agents of the San Diego & Arizona Eastern Railway Company for the transmission and reception of Western Union messages to and from Plaster City; and it is further provided that if and when the Pacific Portland Cement Company commences the manufacture of plaster at Plaster City then the agency will be re-established, if and when the cement company requests the Railway Company to do so."

If the application is granted, it is the intention of the Railway Company to store less-than-carload shipments in the warehouse under lock and to install a telephone outside the station which also will be kept locked. The operator of a service station located in the immediate vicinity is to be the custodian of the keys. From this custodian it will be possible for potential patrons of the company to secure the key to either the telephone or warehouse at any time between the hours of 8:00 A.M. and 5:00 P.M., after which they are privileged to call the agents at El Centro, 8.3 miles east, Jacumba, 46.9 miles west, or San Diego, without charge, for the transaction of whatever railroad business they might desire. It appears obvious that under such an arrangement Seeley would be provided with better service during the afternoon period than is now available and that during the morning period, under the proposed plan, reasonable and adequate service would be available. Such a plan of operation is not unusual and the testimony of competent witnesses shows that similar service is provided at numerous locations on the lines of other railroads in the State of California. The record shows that agency service between El Centro and Jacumba is not required to facilitate the movement of trains.

It is applicants' contention that the volume of business handled and the amount of revenue received do not warrant or justify the expense of maintaining the agency service herein sought to be abandoned and, in support of their position, applicants offered Exhibit No. 2, through their witness Mr. Barnard. Tabulated below is a resume' of this exhibit.

Comparison of Business Handled at Seeley, California, during years ended July 31, 1938, and July 31, 1937.

	<u>Year Ended 7/31/38</u>	<u>Year Ended 7/31/37</u>
<u>Freight Received &amp; Forwarded</u>		
Carloads - Cars	63	51
Carload Revenue - Local	\$357	\$722
" " - Interline	\$9,748	\$7,515
L.C.L. Revenue - Local	\$82	\$49
" " - Interline	\$62	\$72

	Year Ended 7/31/38	Year Ended 7/31/37
<u>Passengers &amp; Revenue</u>		
Passengers - Number	-	13
" - Revenue	-	\$12
<u>Station Expenses</u>		
Total Station Expense	\$1,374	-
<u>Express Shipments &amp; Revenue*</u>		
Number of L.C.L. Shipments	352	-
L.C.L. Revenue	\$1,288	-
Number of carload shipments	3	-
Carload revenue	\$2,574	-

\* Taken from Exhibit No. 4 - No figures for the year ended July 31st, 1937, available.

The revenue figures above include revenue accruing to Southern Pacific Company on freight and passenger traffic handled at this station. The item of local freight revenue is one-half the actual revenue, in order to allocate or credit to the station of Seeley its proportion of the revenues derived therefrom. On the other hand, for the item of Interline Carload Revenue, the figure shown is the revenue accruing to Southern Pacific Company for traffic which originated or terminated on a line other than the San Diego and Arizona Eastern Railway Company or Southern Pacific Company. As an example, on a shipment originating at Chicago the revenue figure shown above is the revenue from the El Paso or Tucuman gateway to Seeley or, if the shipment moved via Ogden, it would be the revenue from Ogden to Seeley. Thus, it will be readily seen that, of the revenue shown on Exhibit 2 summarized above, only a portion could be correctly allocated and credited to Seeley station.

A similar statement would hold true for the Railway Express business at this location. Although Exhibit No. 4 indicates that a substantial volume of business is transacted at Seeley, the record shows that a large percentage of this express service is performed by a rural pick-up man from the El Centro office who goes to the various ranches, makes the pick-ups and takes them directly to the car at El Centro. This type of service is provided for the

reason that there is no train service between Seeley and El Centro in time to make a connection at El Centro with the evening train. All of this revenue is credited to Seeley, for the reason that the company has set up districts and the figures shown cover the shipments moved to or from the Seeley district, although the agent at Seeley, in a large number of instances, did not actually perform the service.

The rural pick-up service will be continued if the application is granted but will not be extended to include dry shipments, which will continue to be handled the same as at any other non-agency station.

It will be necessary for express patrons desiring express to be unloaded at Seeley to have the charges prepaid and, upon such prepayment, they will be put off at the owner's risk. Collect shipments to patrons at Seeley will be unloaded at El Centro and patrons advised by mail from there.

Applicant takes the position that agency service is not essential for the purpose of handling carload business and that the agent's principal function is to handle the less-than-carload freight business, express business and passenger business.

The record shows that for the year of 1937 the operating ratio (ratio of operating expenses to operating revenues), of the San Diego and Arizona Eastern Railway Company was 136.40 per cent. (2) In other words, every dollar of revenue collected required the expenditure of one dollar and thirty-six cents.

The granting of these applications was opposed by The Order of Railroad Telegraphers and a representative of a general merchandise store located at Seeley. It was their contention that an agent's presence is desirable in connection with carload movements, as well as those mentioned above, and that, in addition, he gives the company direct contact with the public which it does not otherwise have.

(2) Operating expenses \$683,412 ÷ operating revenues \$501,036 = 136.40%

We recognize that there is some merit to this latter contention but even the protestants recognize the necessity for this company to effect economies (Page 3, line 10, of protestant's closing brief).

Examination of the witness who testified in behalf of the general merchandise business in Seeley developed the fact that some 95 per cent of the present shipments to this store are now delivered by truck and, in all probability, the abandonment of agency service would be no serious inconvenience. It was the opinion of witnesses for The Order of Railroad Telegraphers that, if the abandonments as proposed herein were effected, it immediately would result in the total diversion to trucks of whatever traffic might now flow to the railroad. Careful consideration of the record in this proceeding, however, together with our knowledge of the results which have been obtained in similar instances, leads us to the conclusion that this is not entirely the fact. Certainly, in so far as the Plaster City business is concerned, we have the statement of the Pacific Portland Cement Company's own witness that it will continue to use the service as before and we believe that it is reasonable to assume that at least a substantial portion of the railroad patronage will be retained at Seeley. Further review of the record and the exhibits convinces us that, under applicants' plan of operation, neither public convenience nor the volume of business at Seeley warrants the maintenance of agency service at that point and we are of the opinion that it would be inconsistent to require the continued maintenance of such service at a substantial loss to the operating company.

Upon this record and for the reasons set forth, we are of the opinion that the application should be granted. The following

Order will so provide.

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 San Diego and Arizona Eastern Railway Company is hereby authorized to abandon its agencies at Plaster City and Seeley Stations, both in Imperial County, and to change its station records and tariffs accordingly, subject, however, to the following conditions:

- (1) Applicant shall continue said stations as non-agency stations.
- (2) Applicant shall notify the public ten (10) days in advance of the closing of said agencies, by posting notices in conspicuous places at such stations.
- (3) Applicant shall store less-than-carload freight shipments under lock in the company's warehouse and the company telephones, located at these stations, shall be made available to patrons, the keys to the warehouse and telephones to be obtainable from custodians located at said stations. Suitable notices shall be maintained at each station, advising prospective shippers and patrons where these keys may be secured.

IT IS HEREBY FURTHER ORDERED that Railway Express Agency, Inc. is hereby authorized to abandon its agency at Seeley, Imperial County, and to change its station records and tariffs accordingly.

IT IS HEREBY FURTHER ORDERED that application of Railway Express Agency, Inc., to abandon its agency at Plaster City, Imperial County, be and the same is hereby denied without prejudice.

IT IS HEREBY FURTHER ORDERED that this entire Order is

subject to the following conditions:

- (1) Applicants shall, within thirty (30) days thereafter, notify this Commission, in writing, of the abandonments authorized herein and of their compliance with the conditions hereof.
- (2) The authorization herein granted shall lapse and become void if not exercised within one 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 20<sup>th</sup> day  
of January, 1939.

Lauro B. ...  
Frank ...  
Ray & Carey  
W. H. Miller  
Justus F. ...  
Commissioners.