

ORIGINAL

Decision No. 42469

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN PACIFIC COMPANY and RAILWAY)
EXPRESS AGENCY, INC., for authority)
to change the Agency Station at)
McKittrick, County of Kern, State of)
California, to a Class "A" Non-agency)
Station.)

Application No. 29735

R. S. Myers, for Southern Pacific Company and Railway
Express Agency, Inc., applicants.
Fred Fischer, for ranchers, protestants.
I. S. Wilson, for shippers, protestants.

O P I N I O N

By this application the Southern Pacific Company and the
Railway Express Agency, Inc. seek authority to change McKittrick
station, in Kern County, from an agency to a Class "A" non-agency
station.

A public hearing was held at McKittrick, December 15,
1948, before Examiner R. K. Hunter, at which time the matter was
submitted.

The McKittrick branch of the Southern Pacific Company
leaves the main line at Kern Junction and extends 47 miles westerly,
terminating at McKittrick Station. Buttonwillow, the nearest agency
station on this line is 14.3 miles easterly from McKittrick by
rail and 13 miles via State Highway No. 178. Southerly from
McKittrick, 16 miles by highway, although not connected by rail,
an agency is maintained at Taft on the Sunset Railway. The
McKittrick branch of the Southern Pacific Company and The Sunset
Railway Company are the only railways serving this general territory
and each railroad serves its own section thereof.

The principal commodities handled in carloads are barley, cattle, diesel oil, gasoline, petroleum products, n.o.s., pipe, sheep and wheat. Carload traffic decreased from 412 cars of 14,406 tons in 1947 to 269 cars of 8,637 tons in 1948. Less than carload traffic increased from 90 tons in 1947 to 108 tons in 1948. (Exhibit No. 3).

Following is a summary of revenues and expenses at McKittrick as reflected by various exhibits submitted:

	<u>Twelve Months ending</u>	
	<u>Sept. 30 1947</u>	<u>Sept. 30 1948</u>
1. Total allocated station revenue (Ex. 2)	\$35,429	\$43,617
2. Total allocated revenue from carload freight (Ex. 2)	\$34,233	\$41,473
3. Total revenue, excluding allocated revenue from carload freight (Ex. 2) (1 minus 2)	\$ 1,196	\$ 2,144
4. Total station operating expense (Ex. 2)	\$ 3,893	\$ 4,105

In support of their application, applicants introduced testimony stressing the following points:

(1) That in handling of carload freight the only difference would be that notices of arrival would be mailed from Buttonwillow and that cars to be spotted for loading would be ordered through Buttonwillow.

(2) The handling of less-than-carload shipments in store-door pickup and delivery would continue to be handled as at present by Pacific Motor Trucking Company trucks in accordance with existing filed tariffs. Less-than-carload freight, other than store door pickup and delivery, would continue to be handled through McKittrick

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Station. For this purpose, a key to the Station would be left at a convenient location in McKittrick. Regular responsible patrons would be given a key for their personal use.

(3) Bills of lading for both carload and less-than-carload shipments would be made out by the shipper, or his representative, rather than the agent or with the agent's help, from a supply of blanks left at the Station or furnished to individual shippers.

(4) Shippers and consignees would be able to forward prepaid shipments and receive-collect consignments by filing a bond with the Southern Pacific Company.

(5) - A point to point telephone would be installed at McKittrick connected with Buttonwillow, the nearest agency station, to enable the shipping public to transact business with the railroad.

(6) That the Station operating expense exceeded the revenue derived from other than carload business by \$2,697 in 1947^(a) and \$1,961 in 1948^(a).

(7) That the average cost per agency transaction was \$3.74 in 1947 and \$5.19 in 1948.

(8) That other non-agency stations handling comparable carload volume were operating satisfactorily, although the evidence did not show conclusively from the viewpoint of public convenience and necessity that the circumstances at these other stations were the same as those at McKittrick.

In opposition to the changing of McKittrick from an agency to a non-agency station the testimony and evidence discloses the following points:

(a) When used in this opinion and order, 1947 and 1948 indicate twelve month periods ending September 30th of each year.

(1) The shipping public found the presence of an agent a decided convenience. In the opinion of some it was a necessity.

(2) In the handling of carload traffic the agent assisted materially in the ordering of cars for outbound loads, in the policing of cars spotted on team tracks for loading to see that they were used by the party for whom they were ordered and not "stolen" by other shippers. Considerable difficulty in this respect had been experienced several years previously when McKittrick was a non-agency station, but the said difficulty was greatly lessened when an agent was installed.

(3) That considerable difficulty in the mis-spotting of cars at industries at McKittrick by "green" train crews had been reduced to a minimum by the agent being present to police the spotting and to inform the crews of the correct locations to spot the cars, thus minimizing delay in loading or unloading.

(4) That the presence of an agent would enable the shipping public to have shipments moving on shippers order/notify bills of lading consigned direct to McKittrick and would facilitate and insure the safe handling of such bills of lading on outbound shipments.

(5) That the agent gives substantial assistance to shippers and their representatives in the making up of all types of bills of lading.

(6) That the presence of an agent resulted in the better protection of less-than-carload shipments handled through the depot. A number of the patrons reside beyond the pickup and delivery limits of McKittrick, and therefore must handle their shipments through the station.

(7) That the likelihood of theft and pilferage on both car-

load and less-than-carload shipments and the difficulty of fixing liability for both loss and damage would be greater if no agent were present at the station.

(8) That having express service and Western Union Telegraph service through the station, both of which would be available only if an agent were present is convenient to those using the station and the shipping public in general.

(9) That the shippers and receivers of freight found it convenient and preferred to handle collect inbound and prepaid outbound shipments through an agent rather than securing and filing a surety bond.

(10) Farmer-rancher witnesses testified that during 1943 the farm crop had been substantially reduced due to serious lack of rain and that planting in some areas had not been possible. A reference to U. S. Weather Bureau reports supports the contention that the precipitation has been substantially below the 30 year average for the past five years.

While volume of revenue from other than carload traffic (i.e. less-than-carload express, storage, demurrage, and telegraph messages in this instance), has been considered as a convenient means of measuring the necessity for maintaining an agent at a railroad station, it is not necessarily the sole controlling factor. In determining whether a given station should be changed from agency to non-agency, other factors of equal importance must be considered. Among these are the financial condition of the entire railroad, financial results of operations at the station, ratio of station expense to revenue for all stations and for the particular station under consideration, geographical location of the station and its relation to the surrounding area, history of the agency, proximity of and accessibility to other agency stations, volume and

trend of business at the station, whether cost of furnishing service is commensurate with or out of proportion to the revenue derived, and, of course, public convenience and necessity.

As to the financial condition of the Southern Pacific Company (Pacific Lines) the operating ratio was 81.46 for 1947 and 78.91 for 1948 showing an improvement in the latter year over the former. At McKittrick station, while the average cost per agency transaction increased from \$3.24 in 1947 to \$5.19 in 1948, the average revenue per transaction also increased and the average net operating revenue per transaction rose from \$22.97 in 1947 to \$44.76 in 1948.

While an examination of the financial experience of the railroad at McKittrick in comparison with the average Pacific System experience indicates that actual station expense exceeds the average or normal station expense, it is reasonable to expect that the station service expense exceeds the average system experience at some stations and falls below the average at others.

Notwithstanding the loss shown by comparison of station expense to other than carload revenue, and the higher ratio of station expense, the gross revenue at McKittrick when analyzed on the basis of system experience indicates that a net profit is being achieved. Therefore, the continuance of this station would not cast a burden on shippers using other stations nor on the railroad operations as a whole. In addition the gross revenue at this station shows an increase of \$3,635 for 1948 over 1947 notwithstanding the lack of rainfall and consequent diminished agricultural and livestock production. With any improvement in the precipitation an improvement in business for the station should result. No history

of the volume of business or financial results prior to October 1, 1946, was introduced by the Southern Pacific Company.

The removal of the agent would result in a far from satisfactory set up from a geographical or area viewpoint and would deprive the shippers and receivers of those services and protection that are available only when an agent is present.

After giving careful consideration to all of these matters and to the evidence of record we are of the opinion that the requirements of public convenience and necessity outweigh the relatively small saving that might result to the railroad should the agent be removed. The Commission concludes, therefore, that the application of the Southern Pacific Company should be denied.

Inasmuch as the railroad agent handles all express business at McKittrick, the application of the Railway Express Agency, Inc. should also be denied.

O R D E R

A public hearing having been held and based on the evidence adduced and the conclusions and findings set forth in the opinion,

IT IS ORDERED that Application No. 29735 is hereby denied.

The effective date of this order shall be 20 days after the date hereof.

Dated at San Francisco, California, this 1st day
of February, 1949.

R. E. Dunderman
Justus J. Crocker
John P. H. ...
Harold P. Hild
Genevieve Patten
COMMISSIONERS