

ORIGINALDecision No. 49391

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 RAILWAY EXPRESS AGENCY, INCORPORATED,)
 a corporation, for authorization to) Application No. 34760
 close its express office at Lompoc,)
 California.)

Eugene M. Prince and Dudley A. Zinke by Dudley
A. Zinke, for applicant.
Carl B. Kappler, for the City of Lompoc, The Lompoc
 Valley Chamber of Commerce, Johns-Manville Products
 Corp., Moore-Mercantile Company, Hobbs Brothers,
 Beattie Motors and Ray P. Stalker, protestants.
E. A. McMillan and A. I. Lawrence, for the California
 State Legislative Committee, Brotherhood of
 Railway and Steamship Clerks, Freight Handlers,
 Express and Station Employees, interested parties.

O P I N I O N

Applicant requests authority to close its express office at Lompoc, California, and to discontinue express service at said point. As justification for this request, the application contains the allegation that the volume of express business handled there is not sufficient to justify the maintenance of service; that the maintenance of said office and the furnishing of service has resulted in financial loss to applicant and that financial loss will continue unless the office is closed.

Public hearing was held in Lompoc on November 12, 1953, before Examiner Rowe at which time evidence, both oral and documentary, was adduced and the matter was duly submitted for decision.

According to the evidence presented by applicant there has been a substantial reduction in the number of express shipments handled at the Lompoc agency office resulting primarily from the deactivation of Camp Cook. This sharp reduction was explained

by the president of the local Chamber of Commerce by the greatly overstocked condition of merchants in the area who had purchased upon the assumption that Camp Cook would continue in operation. He anticipates a return to the express company business enjoyed prior to the activation of Camp Cook as soon as the stocks of local merchants have been reduced to an amount justified by the permanent population of Lompoc of approximately 6,500 people.

One witness for applicant who was superintendent of applicant's Northern California, Oregon and Nevada division testified that an average of 591 shipments per month was handled in the Lompoc office in 1951, 761 per month in 1952 and 286 per month in 1953. The average revenue derived from collect shipments received, and prepaid shipments originating in said office per month in 1951 was \$2177, in 1952 \$2050 and in 1953 \$824. The total average expenses per month amounted to \$563 in 1951, \$602 in 1952 and \$435 in 1953. An additional expense incurred in Surf was sought to be attributed to the cost of operating the agency at Lompoc. This was a monthly payment of \$100 to the Southern Pacific Freight Agent as compensation for handling the Lompoc express carried between the two points in a Southern Pacific Company freight car. The need for some payment for this service appears justified but the insistence of the witness that the \$100 figure is rigid and incapable of being modified with the decrease in volume of business cannot be accepted.

Southern Pacific Company was not a party to the proceeding. In view of the fact that Southern Pacific, as well as other participating railroads, suffers by reason of the reduction of revenue at Lompoc, the joinder of that railroad would have been helpful. The witness above referred to admitted that applicant had lost no money due to the operations at Lompoc. According to

the contract between applicant and the Class I railroads the express revenue is used first to pay agency expense and then only, does remaining revenue go to the railroads. Such payments are designated Express Privilege Payments. This witness stated that it was his understanding that the railroads had been losing money from the express operation throughout the nation but he ventured no estimate of the amount of such loss.

Exhibit 3 was an attempt to show an overall loss by the Lompoc office operation for the months of June to October, inclusive of the present year. This document set forth the Lompoc expense, the Surf expense for Lompoc traffic (\$100) and the average paid to the railroads in this area for the first six months of 1953. The total of these three amounts exceeded the monthly revenue on the average by the sum of \$166. This method of computing loss to applicant may not be accepted for the reason that applicant is only required to pay to the underlying railroads the amount of revenue remaining after all of applicant's expenses have been fully paid.

In the absence of a showing that the revenue received by applicant at Lompoc has reached a sum less than the expense to applicant for handling this express service, the allegation of financial loss to applicant has not been substantiated. Any losses to the railroads so far as the present record is concerned are entirely speculative and applicant's burden of proof in this regard has not been met. Any loss to the railroads must be proved and their loss, especially that of Southern Pacific, could best be presented by that carrier which has the best access to its own records.

The highway common carriers operating into Lompoc are not in a position to give an equivalent service especially in interstate commerce. The service offered by Greyhound is only for emergency shipments and does not involve any pickup and delivery of parcels and is also subject to weight and size limitations. Parcel post with its recent weight and size limitations is also inadequate to meet the need for the service now furnished by applicant.

The request to be permitted to abandon express service in Lompoc should not be granted due to the inadequate showing and because the evidence indicates that the severe reduction of revenue at that office is temporary.

O R D E R

Application to abandon the office and service in Lompoc having been filed, public hearing thereon having been held, the matter having been duly submitted for decision and based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS ORDERED that Application No. 34760 be, and it hereby is, denied.

The effective date of this order shall be twenty days after its date.

Dated at Los Angeles, California, this 1st day of December, 1953.

R. J. [Signature]
President
Justice D. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners