

**ORIGINAL**Decision No. 58921

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RAILWAY EXPRESS AGENCY, )  
 INCORPORATED, a corporation, for )  
 authority to close its express office ) Application No. 41088  
 at Dunsmuir, California. )

Pillsbury, Madison and Sutro, and Eugene M. Prince,  
 by Dudley A. Zinke, for applicant.  
Howard E. Jones, for Dunsmuir Chamber of Commerce;  
E. A. McMillan and Mrs. Jacqueline Mickey, for  
 California State Legislative Committee-Brotherhood  
 of Railway Clerks; and Norman M. Green, for  
 Brotherhood of Railroad Trainmen, protestants.

O P I N I O N

By this application Railway Express Agency, Incorporated,  
 requests authority to close its express office at Dunsmuir, and to  
 discontinue express service at that point.

Public hearing of the application was held before Examiner  
 Carter R. Bishop in Dunsmuir on June 3, 1959.

According to the evidence, there has been a substantial  
 decline in recent years in the number of express shipments received  
 at, and forwarded from, applicant's office at Dunsmuir.<sup>1/</sup> This  
 decline in traffic, the carrier asserts, has reached the point where  
 public convenience and necessity no longer require Express Agency  
 service at the point in question.

<sup>1/</sup> The record discloses that the average number of shipments handled  
 monthly at Dunsmuir during each of the following 12-month periods  
 was: 1956, 223 shipments; 1957, 152 shipments; 1958, 160 shipments.  
 The monthly average for the first four months of 1959 was 121  
 shipments. All the shipments were less than carload; no carload  
 shipments were handled by applicant at Dunsmuir during the periods  
 in question.

An exhibit of record shows that the average monthly revenue received at the Dunsmuir office, during the 12-month period ending April 30, 1959, from prepaid shipments forwarded and collect shipments received, was \$408. During the calendar years 1956, 1957 and 1958, the corresponding revenue figures were \$488, \$382 and \$405, respectively. According to the exhibit, the average monthly out-of-pocket expenses incurred by the Agency at Dunsmuir during the 12-month period ending April 30, 1959 amounted to \$617. The corresponding expense figures for the calendar years 1956, 1957 and 1958 were \$520, \$562 and \$605, respectively.

Applicant's division superintendent testified that the above-stated average monthly expense figures did not include any of the expenses entailed by the Agency in transporting the shipments to and from Dunsmuir nor in the handling of same at the other points of origin and destination involved in their movement. Likewise, the figures in question include no general overhead or administrative expenses. On the other hand, the average revenue figures quoted above do not include the revenues collected at other points on Dunsmuir shipments which are "prepaid" inbound or are forwarded outbound "collect."

According to the record, the nearest express office, if Dunsmuir should be closed, would be that located at the town of Mt. Shasta, approximately nine miles north of Dunsmuir.<sup>2/</sup> While pickup and delivery service is provided locally at Mt. Shasta, patrons located at Dunsmuir would be required to tender or receive their shipments at the Mt. Shasta office.

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<sup>2/</sup> The nearest office of applicant to the south of Dunsmuir is at Redding, a distance of 56 miles.

The granting of the application was protested by the Dunsmuir Chamber of Commerce. Three shipper witnesses testified on behalf of the Chamber. They were the proprietors or partners of a small department store, a men's clothing store and the local newspaper. The record indicates that while all three of the concerns in question utilize applicant's services to some extent, the bulk of their needs is met by other available transportation agencies. These latter include several highway common carriers, Western Greyhound Lines, the Southern Pacific railroad and the parcel post service. All of these agencies except Greyhound provide store-door delivery, and all except parcel post and Greyhound accord pickup service.

Applicant's Dunsmuir office is classified as an exclusive salaried office. The agent is employed exclusively by applicant and devotes all of his working time to the business of the latter. The office at Mt. Shasta, on the other hand, is known as a merchant commission office. The agent there is a local merchant who, as an adjunct to his principal occupation, performs Express Agency services in the community, including pickup and delivery, under contract with applicant. This contract calls for compensation to the agent on a commission basis.

While expenses incurred at the Dunsmuir office exceed the revenues taken in at that point, the situation at Mt. Shasta is more favorable. The revenues received at the latter office, the division superintendent stated, are considerably in excess of the costs incurred by applicant, namely, the compensation paid to the merchant agent.<sup>3/</sup>

As an exclusive salaried job, the agent's position at Dunsmuir is subject to the seniority rules of applicant's agreement

<sup>3/</sup> The total express revenues received at Mt. Shasta in 1958, the record shows, amounted to \$3,836, as compared with \$4,855 received at Dunsmuir.

with the Brotherhood of Railway Clerks. Applicant's witness testified that repeatedly since 1955 his company has attempted to secure the agreement of the Brotherhood to removal of Dunsmuir from the seniority district and its conversion to a merchant commission office. On each of these occasions, he said, the Brotherhood has insisted on certain concessions as a condition to its agreement to the proposed reclassification. Applicant, however, was not and is not prepared to agree to the conditions upon which the Brotherhood insists. In view of this fact, the witness stated, no attempt has been made to secure a merchant commission agent at Dunsmuir.

Conclusions

The record shows that during recent years utilization of the Agency's services by Dunsmuir shippers has substantially declined, and that concurrently operating costs at that point have been rising. The record also shows that other carriers, as well as parcel post, are available to said shippers. On the other hand, it appears that the quality of service accorded by applicant, particularly as to dispatch, renders such service more valuable at times, to some Dunsmuir shippers, than that of competing carriers.

If the Dunsmuir office should be closed it is not reasonable to expect that the present users of the Agency's services would take their outbound shipments to Mt. Shasta, nine miles away, or designate that point as destination of their inbound consignments. The traffic would simply be lost to the Agency. Moreover, it does not appear reasonable that Dunsmuir, a city having double the population of Mt. Shasta and yielding considerably more Agency revenues, should be deprived of applicant's services while the latter community continues to enjoy such.

The record indicates that the possibility of converting Dunsmuir to a merchant commission office has not been fully explored.

For the reasons hereinbefore stated, applicant has not even attempted to ascertain whether a local merchant would be willing to enter into such an arrangement. In the event of a favorable response to such an inquiry, further attempts at reaching an understanding with the Brotherhood of Clerks should be made. It appears also that the possibility of converting the Dunsmuir office to a joint agency with Southern Pacific Company should be investigated.

Upon consideration of all the facts and circumstances of record, we are of the opinion and hereby find that the proposal to close the Railway Express Agency office at Dunsmuir has not been justified. The application will be denied.

ORDER

Based upon the evidence of record and the findings and conclusions set forth in the preceding opinion,

IT IS ORDERED that Application No. 41088 be and it is hereby denied without prejudice. ✓

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

Dated at San Francisco, California, this 25<sup>th</sup> day of August, 1959.

[Signature]  
President

[Signature]

[Signature]

[Signature]

Commissioners

-5- Commissioner Matthew J. Dooley, being necessarily absent, did not participate in the disposition of this proceeding.