

Decision No. 60179

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN PACIFIC COMPANY for authority to discontinue agency at Thermal, County of Riverside, State of California, and to maintain said station as a Class A nonagency station.

Application No. 41297

James W. O'Brien, for applicant.
Lionel Steinberg, for California Grape and Tree Fruit League; Walter R. Wright, for Coachella Valley Development Committee; Donald C. Entz, for Coachella Valley Feed Yard; A. B. Clements, for Thermal Chamber of Commerce and Coachella Valley Feed Yard; Max Cook, for Heggblade-Margules Company; and R. Bert Farmer, for Dunlap Ranches; protestants.
R. E. Carlton, for Desert Box and Supply Company, interested party.

O P I N I O N

Applicant seeks authority to discontinue its agency at Thermal, Riverside County, alleging that the expense incurred in maintaining said agency is not justified because an adequate, satisfactory, and comparable service is available from the agency station situated at Indio which is 8.6 miles distant from Thermal.

Protestants contend that between December and July, and particularly between May and July when grapes are shipped, the services of a local agent are necessary and that the volume of business at said station justifies retention of the local agent.

A public hearing, duly noticed by publication and posting, was held in Thermal on February 24, 1960, before Examiner Mark V. Chiesa. The Commission having considered the matter and being fully advised in the premises, now makes the following findings of fact, conclusion, and its order based thereon.

Thermal is a community of about 1,500 persons located approximately 138 miles easterly of Los Angeles in the desert agricultural area known as Coachella Valley. It is on the main line of the Southern Pacific Company's Los Angeles Division which runs between Los Angeles and Yuma, Arizona. The principal communities in Coachella Valley on the said railway are, from west to east, Indio, Coachella, Thermal and Mecca. ⁽¹⁾ At present agency stations are operated at Indio and Thermal. At Indio applicant maintains its agency on a 24-hour-per-day, 7-day-per-week, basis, with a staff consisting of one agent, four telegraphers, fourteen clerks and one janitor. At least two persons are on duty at all times. At Thermal applicant has only one employee, the agent, whose hours are from 8 a.m. to 5 p.m., five days per week. During the peak season said agent also makes himself available to shippers at off hours for the convenience of shippers. Applicant proposes that its customers at Thermal telephone the agent at Indio directly, toll free, instead of telephoning or contacting the Thermal agent as at present. The agent or a clerk at Indio would take the order or

(1) The rail distances between said communities are, respectively, 3.5 miles, 5.1 miles and 5.7 miles. Applicant was recently authorized to discontinue its agency at Coachella which is situated intermediate of Indio and Thermal (Decision No. 59230).

message and, if necessary, would go to Thermal by automobile to perform the same services that are now being performed by the local agent. The same trains will "work" Thermal that are now being operated, and during the peak grape season applicant would also provide the service of an assistant freight agent for the convenience of Thermal shippers. A waybill box for the use of shippers and train crews will also be provided. The said proposed change applies to carload shipments inbound or outbound. Less-carload shipments are handled by applicant's trucking subsidiary or by other trucking companies. Applicant is not a joint agency with Railway Express Agency, Inc., at Thermal, and there is no passenger service at this station.

Gross operating revenue associated with rail freight traffic originated and terminated at Thermal and adjacent nonagency stations of Mecca and Salton for the two twelve-month periods ending November 30, 1958, and November 30, 1959, is as follows:

	<u>1958</u>	<u>1959</u>
Thermal	\$342,502.00	\$427,990.00
Mecca	10,562.00	11,228.00
Salton	<u>545.00</u>	<u>-</u>
Total	\$353,609.00	\$439,218.00

Applicant did not submit the expense associated with said traffic or division of revenue, if any, with other railroads.

On the whole, applicant's business has been improving as shown (Exhibit No. 6) by the following partial list of principal commodities shipped or received at this station for the 12-month periods ending December 31, 1958 and 1959:

	1958		1959	
	No. of cars	Gross Revenue	No. of cars	Gross Revenue
Sorghum grains	215	\$ 88,175	370	\$126,715
Mill products, N.O.S.	44	7,027	46	11,400
Cottonseed oil cake & meal	39	7,825	60	11,045
Grapes	167	51,067	184	61,025
Cattle and calves	816	115,332	917	147,479
Box or crate material	80	27,499	65	19,554 *
Products of agriculture, N.O.S.	3	898	25	13,186
Barley and Rye	39	8,254	21	2,257 *
Lumber	8	2,618	13	5,612
Feed, animal & poultry	61	10,527	4	2,054 *
Root vegetables	5	1,541	37	13,916

* decrease

Operating expenses of the Thermal agency for the twelve-month periods ending December 31, 1958, and December 31, 1959, were \$8,298 and \$8,062, respectively. Applicant estimates an annual saving on the basis of a nonagency status of \$6,311, based on the twelve-month period ending November 30, 1959, as follows:

Wages	\$6,607
Payroll taxes	407
Rent	720
Telephone	92
Electric current	75
Water	59
Heat	51
Total	\$8,011

Less allowance for estimated additional or continuing ex- penses which would be in- curred	<u>\$1,700</u>
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Net Estimated Annual Savings \$6,311

It is evident from the record that the Coachella Valley, particularly the area between Indio and Mecca, is experiencing a significant growth. Applicant's revenue also shows a marked increase and indicates a profitable operation. Although revenue is not the decisive factor in determining the question as to whether or not

a station should be closed, it must be considered along with the primary question of public convenience and necessity. The Thermal station serves a large area in the valley as far east as 22 miles from Indio. There is testimony that telephone service between Thermal and Indio, as well as in the area generally, is not satisfactory during the peak shipping season. Telephone calls to Indio, and automobile trips by an agent or clerk from Indio, are not comparable with the agency service now available. The record shows that the business transacted through said agency is seasonal from approximately December to the following July, being heaviest in the spring and early summer months.

Although this Commission has in many cases held that the railroad should not be required to continue a station agency if the public can be otherwise adequately served, irrespective of the operating results, we find that under the circumstances herein, public convenience and necessity require that the station at Thermal remain open for a portion of each year, as set forth in the order, and that retention of the agency on a seasonal basis will not be a burden to the railroad which is out of proportion to benefits it and the public will derive.

O R D E R

A public hearing having been held, the Commission being fully advised in the premises and having found facts as hereinabove set forth,

IT IS ORDERED that Southern Pacific Company is hereby authorized to discontinue its agency station at Thermal, Riverside County, on a seasonal basis, subject to the following conditions:

- a. That Southern Pacific Company shall each year maintain said station as an agency station for a period of not less than five consecutive months, which period shall not terminate earlier than June 30th.
- b. That at all times when the station at Thermal is not maintained as an agency station, as set forth in paragraph a. of this order, Southern Pacific Company shall continue to maintain said station as a nonagency station at which freight in any quantity, carload or less, will be handled.
- c. Applicant shall each year give not less than ten days' notice to this Commission and to the public of discontinuance of agency service by posting notice thereof at the station.
- d. Within ninety days after the effective date hereof, applicant, upon not less than ten days' notice to this Commission and the public, shall file in duplicate amendments to its tariffs showing the changes herein authorized and shall make reference in such tariff amendments to this decision as authority therefor.
- e. The authorization herein granted shall expire if not exercised within ninety days after the effective date hereof.
- f. Within thirty days after the discontinuance of service as herein authorized, applicant shall notify this Commission thereof and of compliance with the above conditions.
- g. In no event shall the agent be removed earlier than the effective date of tariff filings.

required under paragraph d. hereof, and further provided that applicant shall not discontinue its agency at Thermal prior to June 30, 1960.

Except as herein authorized, Application No. 41297 is hereby denied.

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

Dated at San Francisco, California, this 24th day of May, 1960.

Ernest A. [Signature]
 President

[Signature]

[Signature]

Theodore [Signature]
 Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.