

ORIGINAL

73279

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE ATCHISON, TOPEKA AND SANTA FE
RAILWAY COMPANY, a corporation, for
authority to discontinue agency
service at their station at Encinitas,
County of San Diego, State of Calif-
ornia.

Application No. 49467
(Filed July 15, 1967)

John J. Schimmenti and Donald L. Stone, for The Atchison, Topeka and Santa Fe Railway Company, applicant.

Keith A. Vose, for Transportation Communication Employees' Union, protestant.

John W. Henley, for Golden Age Club of Encinitas, protestant.

Reverend Ruby A. Fisher, for the Wesley Evangelic Mission, protestant.

Richard T. Eddy, for himself, interested party.

Tom Clarke, Don Rogers, and Frank Domico, for San Dieguito Jaycees, interested party.

Dr. Bernard Tesniere, for Self-Realization Fellowship (Encinitas Colony), interested party.

John deBrauwere of the Commission's staff.

O P I N I O N

Applicant, The Atchison, Topeka and Santa Fe Railway Company, seeks authority to discontinue its agency at Encinitas. It alleges that public convenience and necessity no longer require the maintenance of the agency; that adequate service for Encinitas can be provided by other agencies, and that discontinuance of the

Encinitas agency would enable applicant to effect economies in its operations.

Public hearing on the application was held before Examiner Abernathy at Encinitas on August 14, 1967. Evidence was presented by applicant through a special accountant, a trainmaster, and the assistant traffic manager of the Santa Fe Trail Transportation Company, a highway common carrier affiliate of applicant. Evidence was also adduced through applicant's agent at Encinitas.

Discontinuance of the Encinitas agency was opposed by the president of the Golden Age Club of Encinitas on behalf of a membership of about 60 senior citizens, by a minister of a church in Encinitas, and by a representative of the Transportation Communication Employees' Union.

The special accountant submitted data to show that the operation of the Encinitas station is resulting in financial losses for applicant. He reported that the revenues, expenses and net operating results applicable to the station's operations were as follows:

	<u>1965</u>	<u>1966</u>	<u>January through March, 1967</u>
Revenues	\$51,923	\$32,315	\$9,055
Expenses	<u>48,968</u>	<u>33,256</u>	<u>9,082</u>
Net Loss	<u>(2,955)</u>	941	27
	(Credit)		

The revenue figures, the witness explained, represent the revenues received from the sale of passenger tickets at Encinitas plus one-half of the revenues received from freight traffic originating at or received at Encinitas during the periods indicated. The proportion of one-half was used in the development of the freight revenues on the theory that in the shipment of freight two stations -- the origin station and the destination station -- are involved, and that hence in the division of the revenues each station should be credited with one-half of the receipts per shipment. The expense figures were developed by the special accountant on the basis of actual expenditures for the operation of the Encinitas station plus a prorate of applicant's systemwide expenses (other than station) at the ratio that said expenses bear to applicant's total systemwide railway operating revenues.

The evidence which applicant presented through the trainmaster witness dealt mainly with the work that is being performed by the Encinitas agency and how the work would be performed if the agency is closed. According to this witness, the data in the following table show the work that was performed by or through the Encinitas agency during the years 1965 and 1966:

TABLE NO. 1

Items of Business of The Atchison, Topeka
and Santa Fe Railway Company Associated
with Encinitas, California during 1965 and 1966
(See Note)

	<u>1965</u>	<u>1966</u>
No. of waybills	53	34
No. of freight bills	391	236
No. of pieces of baggage	342	399
No. of passenger tickets sold	1,054	1,693
Carload traffic (no. of cars) from or to Encinitas	160	135
Less carload traffic (no. of shipments) from or to Encinitas	138	36
Depot deliveries	11	7
Damage inspection reports	3	0
Car orders	27	18

NOTE: Includes items on which records are maintained; items such as telephone calls not recorded.

On the basis of these and related data the trainmaster estimated that the performance of the agency work at Encinitas requires only about an hour a day of the agent's time whereas the agent is on duty eight hours a day -- from 7:30 a.m. to 4:30 p.m., with an hour off for lunch -- Mondays through Fridays.

The trainmaster said that if the Encinitas agency is closed, the work that is now being performed at Encinitas would be transferred to the company's agencies at Oceanside and Del Mar;¹ that the Oceanside and Del Mar agencies have the capacity to absorb the additional work without incurring additional costs; and that

¹ Oceanside is 15.2 miles northerly from Encinitas and Del Mar is 7.1 miles southerly from Encinitas.

closure of the agency would thereby enable applicant to eliminate station expenses at Encinitas which the special accountant reported as amounting to \$6,926 in 1965 and \$7,515 in 1966. The trainmaster said that the closure of the Encinitas agency would not result in a loss of employment for the agent inasmuch as he would be transferred to another location where applicant has need for his services.

Assertedly, applicant's services to shippers and receivers of freight in the Encinitas area would not be materially affected if the agency at Encinitas is discontinued. The trainmaster stated that the freight traffic would be handled mainly through the Oceanside agency; that said agency is open 23 hours a day, seven days a week; that toll free telephone service between Encinitas and Oceanside would be provided so that Encinitas patrons could transact their business by telephone with the Oceanside agency at no greater costs than they now incur in telephoning the Encinitas agency; and that if personal services of applicant's employees are required, as in the case of freight inspections, the necessary employees would be sent to the Encinitas area from Oceanside. The trainmaster also stated that the proposed closure of the Encinitas agency and the alternative procedures that would be established had been discussed with various shippers and receivers of freight in the Encinitas area, and that no opposition thereto had been encountered.

With respect to applicant's passenger service from or to Encinitas, the trainmaster asserted that said service likewise would not be materially affected by discontinuance of the Encinitas

agency. The principal change would be in the sale of passenger tickets and in the handling of baggage. With the closure of the Encinitas agency, Del Mar would become the nearest agency where passenger tickets could be purchased or baggage checked.² The trainmaster expressed the view that a requirement that Encinitas passengers go to Del Mar for their tickets and to check their baggage would not be unduly burdensome for the passengers involved.

Another change affecting the passenger service which would result from closure of the Encinitas agency would be in the procedure for stopping passenger trains for passengers wishing to entrain at Encinitas. At present the Encinitas agent stops the trains by flag. With the discontinuance of the agency the passengers themselves would be expected to flag the trains.

The remaining aspect of applicant's services concerning which the trainmaster testified dealt with the station facilities at Encinitas. The trainmaster said that the station would be closed if the agency is discontinued. He indicated, however, that the station's outside facilities and grounds would continue to be maintained, and said that possibly arrangements would be made with the Encinitas Chamber of Commerce for the performance of this work.

The testimony which was submitted by the assistant traffic manager of the Santa Fe Trail Transportation Company was to the effect that that company handles applicant's less-carload traffic; that it serves Encinitas twice a week; that in the course of its operations it utilizes the facilities and services of the Encinitas agency; that collect shipments and shipments which were not

² Tickets for transportation between points on applicant's line between Los Angeles and San Diego can also be purchased from the conductors on the trains.

delivered when delivery was initially attempted are left at the station for subsequent pickup by the consignees; and that the agent at Encinitas performs inspections for the Santa Fe Trail Transportation Company in connection with claims for loss or damage arising out of deliveries of that company to the Encinitas area.³ Regarding the shipments that are now left at the Encinitas agency, the assistant traffic manager said that such shipments would be left at Del Mar if the Encinitas agency is closed.

The evidence which was adduced through the station agent purportedly describes the work which the agent does during a normal working day.⁴ The agent testified that his mornings, from the time he reports for work at 7:30 a.m. until noon, are spent in such activities as selling tickets, flagging the early morning train, checking freight cars in the Encinitas yard, checking cars (three times a week) at the Porto Siding which is located several miles from Encinitas, answering telephoned inquiries, and preparing various bookkeeping records for applicant and for the Santa Fe Trail Transportation Company. In the afternoon his activities consist mainly of the preparation of freight reports and inspection and claim reports, making reservations, and preparing freight bills covering outbound carload and less-carload shipments. He also deals with patrons or prospective patrons who come to the station

³ It appears that the agent also performs billing services for the Santa Fe Trail Transportation Company.

⁴ The testimony of the station agent was presented in response to request of the Examiner.

throughout the day. From time to time he works overtime on his own time to accommodate said patrons.

The president of the Golden Age Club of Encinitas, who testified in opposition to the application, said that many of the people in Encinitas are retired people who make one or two trips a year to eastern points by train; that they select trains as their mode of travel because they are afraid to fly and because buses are not the answer to their requirements; that in arranging for their transportation a number of them prefer to make their arrangements in person because they tend to become excited or confused in trying to make such arrangements by telephone. He said, furthermore, that many of them do not have automobiles of their own and must rely on friends or on taxicabs for their trips to the railroad station or for other local transportation; that when they use the taxicabs, they can travel anywhere within Encinitas for a fare of 50 cents; for a trip to Del Mar, however, the one-way fare by taxicab is approximately \$7.50, an amount which would be a heavy burden for a number of them. By these several reasons he indicated disagreement with applicant that the proposed alternative service from Del Mar would be substantially as convenient or satisfactory as that from Encinitas, and he urged retention of the present Encinitas agency.

The minister of a church in Encinitas also urged retention of the Encinitas agency. She said that she and members of her church traveled by train to and from Encinitas. She praised the agent for his services in accommodating passengers, and asserted

that the present arrangements are eminently satisfactory and should not be changed.

The opposition of the representative of the Transportation Communication Employees' Union was confined to argument and to examination of the various witnesses. He did not submit evidentiary support for his position.

Discussion

It is clear from the record in this matter that in proposing the discontinuance of the agency station at Encinitas, applicant has been motivated by a belief that by such discontinuance it would be able to attain a worthwhile reduction in its operating costs without any particularly detrimental effect upon its services to the public. The record shows, however, that these conclusions are substantially incorrect.

First, it appears that applicant is incorrect in its understanding of the cost savings that it can attain by discontinuance of the Encinitas agency. Applicant's accountant is obviously in error in his report that the operation of the Encinitas station is resulting in losses. As previously stated herein, the accountant reported net operating revenues of the agency as follows: 1965, \$2,955 credit (or profit); 1966, \$941 loss, and 1967 (first quarter), \$97 loss. In the development of these figures the accountant did not take into account all of the traffic handled through the Encinitas agency. Specifically, he omitted revenues and expense allocations based on those revenues on cars received at Ponto, a siding about four miles north of Encinitas. What adjustments

should be made in the accountant's revenue and expense figures to reflect the Ponto shipments cannot be determined from the data of record. However, it appears that the adjustments would not be insignificant and would result in a showing of greater earnings for the Encinitas station than those which the accountant reported.⁵

Another point in which applicant is in error is in its belief that the discontinuance of the Encinitas agency would permit a reduction of operating costs by virtually the full amount of the agent's salary -- about \$7,000 a year. This belief apparently stems from the trainmaster's estimate that the agency work requires only about an hour a day and that such work could be readily absorbed by the Oceanside and Del Mar agencies.

The record indicates, however, that the trainmaster's estimate was made without much real knowledge of the time actually spent by the agent in his various functions. For example, the trainmaster had no data on the time spent by the agent in answering telephoned inquiries. It appears that he gave but little, if any, weight to this aspect of the agent's work or to the time otherwise spent by the agent in dealing with the public directly. Also, he apparently gave little weight to the time which the agent spends in making physical checks of the carload shipments received at Encinitas and Ponto.

⁵ The record shows that 125 carload shipments were received at Ponto during 1965 and 104 carloads were received during 1966. The number of cars, if any, that were received during the first quarter of 1967 was not stated. Under the formula used by the accountant, the reported earnings of the Encinitas station would be increased by amounts equal to about 20 percent of 50 percent of the revenues from the carloads received at Ponto.

On the other hand, it appears that the agent's description of his functions provides the more comprehensive and accurate portrayal of his work and of the time required to do it. Said description is persuasive that substantially more than an hour a day is required for the performance of the agent's various duties.

If the work which the agent does is necessary to the conduct of applicant's business in the Encinitas area, it follows that the costs of performing the work are a necessary expense to applicant, irrespective of whether the work is performed in Encinitas or elsewhere. Inasmuch as the agent's work requires more than an hour a day, the savings potential which would result would be correspondingly less than that estimated by applicant.⁶

As a further comment concerning the cost savings which applicant expects to effect by discontinuance of its Encinitas agency, it should be pointed out that the extent that applicant's expectations in this regard would be transformed into realizations depends largely upon the extent that the work of the Encinitas agency could be absorbed by the Oceanside and Del Mar agencies

⁶ Even though applicant were able to realize a direct saving of the full amount of the agent's salary, it appears that the discontinuance of the Encinitas agency would result in some increases in costs which would reduce the savings that would otherwise apply. For example, the record shows that in the checking of shipments at Ponto, the agent makes as many as three trips a week. Each trip from Encinitas involves a distance of about 8 miles per round trip whereas a corresponding trip from Oceanside involves a distance of about 22 miles. Obviously, from both a time and mileage standpoint, the servicing of Ponto from Oceanside would be more costly than it is from Encinitas. The difference would be even more pronounced in connection with the checking of freight shipments received at Encinitas. The roundtrip distance between Encinitas and Oceanside is about 30 miles.

without an increase in the staffing of said agencies. In other words the cost savings are dependent upon the availability of nonproductive time on the part of applicant's employees at Oceanside and Del Mar for work now done at Encinitas. Whether sufficient nonproductive time is available at the Oceanside and Del Mar agencies to absorb the work of the agency at Encinitas is open to question inasmuch as the trainmaster's allegations that the work at Encinitas could be absorbed by Oceanside and Del Mar were predicated on his estimate that the work at Encinitas requires only about an hour a day of the agent's time. If there is a substantial amount of nonproductive time at Oceanside and Del Mar, it may be that applicant should weigh whether said time should be dealt with directly instead of by procedures which would reduce or tend to reduce the availability of applicant's services to its patrons at Encinitas.

With respect to the effect of the discontinuance of the Encinitas agency upon the level of applicant's services generally, the record compels the conclusion that the closure of the agency would constitute a reduction in service, notwithstanding applicant's allegations to the contrary. The reduction would have its greatest impact upon the users of applicant's passenger services. With the closure of the agency the services which the agent now provides in connection with the passenger business would be terminated. In contrast, applicant would continue to provide its shippers and receivers of freight in the Encinitas/Ponto areas many of the same services which it is now providing

through its agent at Encinitas. However, as previously stated, the employees needed for such services would be sent from Oceanside.

We are of the opinion that applicant's proposal to terminate its agency services at Encinitas for the accommodation of passengers stems from an insufficient evaluation of the various considerations involved. First, it appears that applicant has given but little, if any, weight to the extent that the assistance of the agent in effecting transportation arrangements and the availability of his services are valued by its patrons. We do not share the belief of applicant's trainmaster that the services of the agent at Del Mar, 7.1 miles from Encinitas, would provide a reasonable alternative to the services of the agent at Encinitas. ✓

Another matter which applicant apparently has not fully considered is that involving the flagging of trains to a stop so that passengers may entrain. As stated earlier herein, applicant's proposals contemplate that flagging which is now done by the agent would be done by the passengers themselves. Assertedly, the passengers now flag the trains at Encinitas during hours when the agent is off duty. Hence, what applicant is proposing is purportedly only an extension of what is being done already.

On the basis of applicant's showing on this record we are not persuaded that the flagging of trains is a function which

applicant's patrons at Encinitas can or should be expected to perform if they are to avail themselves of applicant's services. If such a requirement is to be imposed, it follows that the procedure for complying with the requirement should be simple and easily followed by any and all prospective passengers, irrespective of a wide range in their capabilities and educational backgrounds. Also, it should be safe and effective under a wide range of physical conditions such as night as well as day, rain, wind, fog or other adverse weather conditions.

The record shows that applicant operates three trains daily each way through Encinitas; and that a bulletin board which applicant maintains for the benefit of its patrons shows the following information:

TIME TABLE

PACIFIC STD. TIME								
NO.		NORTH			NO.		SOUTH	
73	F	737*	AM	74	B	935*	AM	
75	B	1209*	PM	76	B	106*	PM	
77	B	439*	PM	78	F	954*	PM	

*Daily Note (Date)

- B Pickup or discharge psgrs to or from L.A. only.
- F Flag stop pickup or disch. rev. psgrs.

All trains stop on flag to L.A.
 All trains stop for psgr. from L.A.

OTHER DESTINATION SEE NOTE

Beside the bulletin board a white flag is hung.

As may be noted from the foregoing, the information regarding the flagging of its trains which applicant sets forth on its bulletin board deals primarily with what trains are to be

flagged, and not how the flagging is to be done or that the flagging should be done by the passengers themselves when the agent is not on duty. Said information falls substantially short of that which appears to be reasonably necessary if the flagging functions are to be delegated to applicant's patrons at Encinitas as a regular procedure.

The third matter which applicant apparently has not sufficiently considered is the trend of the usage of its passenger services to and from Encinitas. The record shows that during the past two years the sale of passenger tickets through the Encinitas agency has increased materially. During the year 1965, 1,054 tickets were sold. During the year 1966, 1,693 tickets were sold and during the 12 months through March, 1967, the ticket sales totaled 1,816.⁷ It appears that these increases may be responsive to developments which have been taking place in and about Encinitas. The record shows that Encinitas is the center of a populated area which, in general, is comprised of the communities of Cardiff, Encinitas and Leucadia, and that the area throughout has been growing substantially, both residentially and commercially. Thus, applicant's experience since 1965, coupled with the developments in and about Encinitas, suggests an increased need by the public for the Encinitas agency instead of an absence of such need.

⁷ About 90 percent of the ticket sales during 1966 were for travel between Encinitas and Los Angeles. The remainder of the sales were for travel between Encinitas and other points on applicant's line between San Diego and Los Angeles or for travel to and from points beyond Los Angeles, either on the lines of applicant or on the lines of other railroads.

Summary

This is a matter in which applicant has sought to reduce its service -- particularly that affecting passengers -- in order to accomplish reductions in its operating costs. In selecting the closure of the Encinitas agency as the means of accomplishing said cost reductions, applicant has underestimated the contribution which the agency is making to its operations. It has underestimated the time that is spent by the agent in productive activity. It has either underestimated or disregarded the public need for retention of the agency. Also, applicant's proposal does not include reasonable or adequate procedures for the stopping of trains for passengers at Encinitas in the event the agency were closed.

In a proceeding of this kind the principal issue is whether public convenience and necessity require the continuation of the service sought to be abandoned or reduced. In order that the sought authority be granted, the carrier must show by clear and convincing evidence that public convenience and necessity no longer require the services involved.⁸ For the foregoing reasons it is evident that applicant has not made such a showing.

On the contrary, it may be inferred from the record that there is a need for an increase in applicant's passenger services from and to Encinitas instead of a reduction. First, there is the increase which has been noted heretofore in the trend of passenger usage of applicant's services. Second, since very little of the travel is to and from nearby San Diego, as evidenced by the

⁸ Compare Decision No. 58111, re Southern Pacific Company, 57 Cal. P.U.C. 27, 30.

fact that more than 90 percent of applicant's ticket sales during 1966 were for travel between Encinitas and Los Angeles or between Encinitas and other points (other than San Diego), the conclusion seems inescapable that applicant's services to and from San Diego do not induce their usage by the public. In this connection it is noted that of the three trains a day which pass through Encinitas at 9:35 a.m., 1:06 p.m. and 9:54 p.m., respectively (Pacific Standard Time), enroute to San Diego, only the 9:54 p.m. train stops to receive passengers at Encinitas. Of the three northbound trains which leave San Diego at 7:37 a.m., 12:09 p.m. and 4:39 p.m., only the 7:37 a.m. train stops at Encinitas to discharge passengers. It would seem that a broadening of applicant's services to permit travel between Encinitas and San Diego on other of the trains would result in more convenient services for applicant's patrons and would be met by the response of an increase in travel between said points. Hence it would accomplish some of the same objectives as sought by applicant in this matter, namely, more effective usage of nonproductive time of various of its employes.

Findings and Conclusions

We find that:

1. Discontinuance of applicant's agency station at Encinitas will not produce an appreciable reduction in its operating costs.
2. Closure of such agency will constitute a reduction in applicant's passenger service.

3. Passenger usage of the Encinitas agency has materially increased during 1966 and 1967.

4. Closure of such agency would require passengers desiring to entrain thereat to flag train to a stop, a function for which applicant has not made sufficient provision.

We further find that applicant has not shown that public convenience and necessity no longer require the maintenance of agency service at Encinitas.

We conclude that this application should be denied.

O R D E R

IT IS ORDERED that Application No. 49467 is denied.

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

Dated at San Francisco, California, this 7th
day of NOVEMBER, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]
[Signature]
Commissioners