

Decision No. 73357

**ORIGINAL**

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 Fontana,  
County of San Bernardino, State of  
California.

Application No. 49498

(Filed June 26, 1967)

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

Carl E. Berry, for the City of  
Fontana, protestant.

James H. Hicks, for the Transporta-  
tion-Communication Employees'  
Union, protestant.

Philip A. Rue, for the Fontana  
Chamber of Commerce, interested  
party.

S. S. Stewart, William B. Logue, and  
William K. Kopp, for themselves,  
protestants.

Joe S. Erickson and Julio J. Emanuelli,  
for themselves, interested parties.

John de Brauwere, for the Commission  
staff.

O P I N I O N

Applicant, The Atchison, Topeka and Santa Fe Railway Company, seeks authority to discontinue its agency at Fontana. It alleges that public convenience and necessity do not require the continued operation of the agency; that Fontana can be adequately served by applicant's agencies at Kaiser and San Bernardino, and that discontinuance of the Fontana agency would enable applicant to effect economies in its operations.

Public hearing on the application was held before Examiner Abernathy at Fontana on August 23, 1967.

Evidence which was submitted by applicant as justification for discontinuance of the Fontana agency was presented through several employee-witnesses, including an accountant, a trainmaster, the chief clerk of applicant's agency at San Bernardino, a division freight and passenger agent, and the assistant traffic manager of the Santa Fe Trail Transportation Company, a highway common carrier affiliate of applicant. These witnesses testified substantially as follows:

Applicant has been incurring losses from the operation of its Fontana agency for several years. The discontinuance of the agency would enable applicant to eliminate these losses.

The agency could be discontinued without adverse effect upon applicant's services. Work which is now being performed at Fontana would be transferred to applicant's agency at Kaiser, about three miles west of Fontana. The Kaiser agency is open 24 hours a day, 7 days a week, whereas the Fontana agency is open only 8 hours a day, 5 days a week. Hence, applicant's agency services at Kaiser are more readily available to the public than they are at Fontana.

No change would be made in applicant's procedures relative to carload shipments which it delivers to Fontana destinations except that various records

relative to such shipments which are now prepared and/or maintained at Fontana would be prepared and/or maintained at Kaiser.<sup>1</sup> No change would be made in the pickup and delivery of less carload shipments, except that shipments which cannot be delivered on the initial delivery attempt would be left at Kaiser instead of at San Bernardino as at present. San Bernardino is 7.5 miles from Fontana.

Applicant's passenger trains do not stop at Fontana. Hence, there is no movement of passengers through Fontana which would be affected by closure of the Fontana agency.<sup>2</sup> However, passenger tickets are now sold by the agency. Upon its closure tickets would be offered at, and passenger tariffs would be maintained by, the agency at Kaiser.

In other respects the discontinuance of the Fontana agency would not result in a curtailment of applicant's services for, or relationships with, the public. No change in rates would result. Fontana would continue to be listed as a shipping point in applicant's schedules, logs and tariffs. Applicant would arrange for toll-free telephone service to its

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<sup>1</sup> No carload shipments have been sent from Fontana for more than three years.

<sup>2</sup> San Bernardino is the point nearest to Fontana where applicant's trains are stopped for the receipt or discharge of passengers.

agency at Kaiser to apply in lieu of that which is now provided to the Fontana agency. Also, applicant would continue its present toll-free telephone service to its San Bernardino station.

The transfer of the Fontana agency work to Kaiser could be accomplished without any increase in present staffing of the Kaiser agency. The discontinuance of the Fontana agency would not result in a loss of employment for the present agent, for he would be transferred to another location where applicant has need for his services.

The proposed discontinuance of the Fontana agency was discussed with applicant's principal receivers of freight in the Fontana area and with the Fontana Chamber of Commerce. These parties informed applicant that they were not opposed to the discontinuance.

Other evidence which was presented in this matter was submitted through testimony of representatives of the City of Fontana and of the Fontana Chamber of Commerce and through testimony of a Fontana realtor, a travel agent, and a Fontana resident. The representative of the City of Fontana reported on a resolution of the City Council opposing the discontinuance of the agency on the grounds that the discontinuance would constitute a reduction in service to the residents of Fontana. The realtor opposed the discontinuance on the basis that it would be a downgrading of the status of Fontana. The travel agent opposed the discontinuance

for the reason that prospective patrons of applicant's passenger services would not be able to obtain tickets readily. However, he modified his opposition upon applicant's assurances that tickets would be made available at Kaiser, and that procedures would be developed whereby tickets could also be ordered through his (the travel agent's) office. The Fontana citizen urged that if the agency is discontinued and the station closed, applicant be required to continue to maintain the physical upkeep of the station and grounds. In response applicant indicated it would entertain any reasonable recommendations along this line which the City of Fontana might offer.

#### Discussion

As stated at the outset of this opinion, applicant's proposal to discontinue its agency at Fontana was prompted by its desire to effect operating economies -- to eliminate a loss which applicant alleges approximates \$9,000 a year. This figure was developed by

- a. Crediting the agency for (1) the revenues received by the agency from the sale of passenger tickets and (2) one-half of the revenues received from freight traffic received at or shipped from Fontana during the year, and by
- b. Charging the agency for (1) the actual expenditures for the operation of the Fontana station plus (2) 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.

To the resulting difference between the revenues and expenses were added the actual expenditures for the operation of the Fontana station.

The revenue and expense figures upon which the loss figure of approximately \$9,000 a year was developed are set forth in the margin below.<sup>3</sup> Said figures were presented by the accountant witness for applicant. It will be noted that the losses which were reported by the accountant were \$1,911 for the year 1965, \$2,407 for the year 1966, and \$326 for the first three months of 1967. Applicant's attorney insisted, however, that the figure of approximately \$9,000, computed as outlined above, is the real measure of applicant's losses from the Fontana agency.

It is clear from analysis of the foregoing figures that for the purposes of this proceeding very little, if any, significance can be attached to the losses which applicant allegedly is incurring from the operation of its Fontana agency. It appears that with the exception of station expense applicant does not anticipate that any change of consequence in either its revenues or expenses will result from closure of the Fontana agency.

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Revenues and expenses applicable to  
operation of Fontana station

	<u>1965</u>	<u>1966</u>	<u>January through March, 1967</u>
<u>Revenues</u>	\$28,285	\$25,567	\$7,623
<u>Expenses</u>			
Station	7,294	7,607	1,877
Prorate of system expenses	<u>22,902</u>	<u>20,367</u>	<u>6,072</u>
Total expenses	\$30,196	\$27,974	\$7,949
<u>Net Loss</u>	\$ 1,911	\$ 2,407	\$ 326

Under applicant's method of accounting, the revenues which are now assigned to Fontana would be assigned to Kaiser; similarly, the prorated expenses which is now assigned to Fontana would be assigned to Kaiser. To this extent the closure of the Fontana agency would neither add to nor detract from applicant's over-all earnings. Even though weight be given to the reported loss figures, no credence should be given to the figure of \$9,000. This figure is erroneous, because it includes a double allowance or provision for the expenses designated as station expenses.<sup>4</sup>

From a standpoint of financial justification for closure or discontinuance of the Fontana agency, we deem the station costs to have a much greater bearing on the proposal than the asserted losses. The discontinuance of the agency would enable applicant to reduce its operating costs by about \$7,000 or more. This saving would result partly from the savings of the agent's salary and partly from the productive utilization of time of applicant's

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<sup>4</sup> Generally speaking, it appears that applicant's utilization of the term "loss" to describe the results of the calculations which are summarized in footnote 3, above, is misleading. Applicant's principal revenue producing services are transportation, and not the operation of the Fontana agency. Hence, the "losses", if they may be so designated, are losses from all of applicant's services to, from and in Fontana. However, even as a measure of the unprofitableness (or of the profitableness) of said services, applicant's figures have only scant probative value, for they were developed in part on applicant's systemwide operations. Hence, it cannot be held that they specifically represent the operating results of applicant's services to and from Fontana.

employees at Kaiser, which time apparently is now being spent either less productively or nonproductively.

The record is clear that the discontinuance of the Fontana agency would be accomplished without adverse effect of consequence upon the users of applicant's services. In various respects it appears that the services which applicant would provide in the alternative would be better than those which it is now providing. For example, since applicant's Kaiser agency is open 24 hours a day, seven days a week, prospective passengers who would buy their tickets at Kaiser would not be subject to the time limitations that they now are in purchasing tickets at Fontana. However, those who might prefer to purchase tickets at Fontana will be still able to do so through the Fontana travel agent. Any adverse effect upon the public (as reflected by the concern of the City of Fontana and of the Fontana realtor) that may result from discontinuance of the agency does not appear to be sufficient to deny applicant the savings in operating expenses that would result from said discontinuance. The application should be granted subject to various conditions hereinafter specified. At the hearing applicant indicated its agreement to said conditions.



Upon consideration of the record in this matter, the Commission finds that:

1. The services which applicant proposes to provide through its agency at Kaiser in connection with shipments of freight which it transports to and from Fontana will be substantially the same as, or more than, the corresponding services which applicant is now providing through its agency at Fontana;
2. The services of selling passenger tickets and related services which applicant proposes to provide through its agency at Kaiser will be substantially the same as, or more than, the corresponding services which applicant is now providing through its agency at Fontana; and
3. The needs of the public for the services which applicant is now providing through its agency at Fontana can be adequately and reasonably met through applicant's agency at Kaiser.

The Commission further finds that upon the establishment and putting into effect of arrangements at Kaiser for the performance of the services which applicant has been providing through its agency at Fontana, public convenience and necessity no longer require that applicant maintain an agency at Fontana.

The Commission concludes that upon the establishment and putting into effect of arrangements at Kaiser for the performance of the services which applicant has been providing through its agency at Fontana, applicant should be authorized to discontinue its agency at Fontana.

O R D E R

IT IS ORDERED that:

The Atchison, Topeka and Santa Fe Railway Company is authorized to discontinue its agency at Fontana, County of San Bernardino, subject to the following conditions:

1. No change will be made in the applicant's procedures relative to carload shipments to or from Fontana except that various records relative to such shipments will be prepared at applicant's agency at Kaiser instead of at Fontana.
2. No change will be made in applicant's procedures relative to the pickup or delivery of less carload shipments except that
  - a. Shipments which cannot be delivered upon initial delivery attempt will be delivered to Kaiser agency.
  - b. Records relative to said shipments will be prepared at Kaiser agency.
3. Applicant will arrange for the maintenance of toll-free telephone service between the Fontana area, on the one hand, and its agencies at Kaiser and San Bernardino, on the other hand.
4. Applicant will continue to list Fontana as a station in its railroad schedules, logs and tariffs.
5. Applicant will establish and maintain at its Kaiser agency a service for the sale of passenger tickets which shall be not less than the passenger ticket service which it has been maintaining at Fontana.

6. Within one hundred twenty days after the effective date hereof and not less than ten days prior to the discontinuance of the agency at Fontana, San Bernardino County, applicant shall post a notice of such discontinuance at the station and, within one hundred twenty days after the effective date hereof and on not less than ten days' notice to the Commission and to the public, applicant shall file in duplicate amendments to its tariffs showing the change authorized herein and shall make reference in such notice and tariffs to this decision as authority for the change. In no event shall the agent be removed, pursuant to the authority hereinabove granted, earlier than the effective date of the tariff filings required hereunder.
7. Within thirty days after discontinuance of service as herein authorized, applicant shall, in writing, notify this Commission thereof and of compliance with the above conditions.

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

Dated at San Francisco, California, this 21<sup>st</sup> day of NOVEMBER, 1967.

*John E. ...*  
President

*Augusta*  
*William M. Bennett, Jr.*  
*Fred P. Monissey*  
Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.