DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

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DON HOWELL

RON LAW

DAVID SCOTT

WORKING FILE

FROM:BRAD PURDY

DATE:JULY 8, 1997

RE:CASE NO.  UPR-R-97-1; IN THE MATTER OF THE COMMISSION’S INVESTIGATION INTO THE PROPOSED CLOSURE BY THE UNION PACIFIC RAILROAD COMPANY OF ITS HOMEDALE BRANCH

On June 3, 1997, the Commission conducted a public hearing for the purpose of soliciting input regarding Union Pacific’s proposed closure of its Homedale branch affecting, primarily, the communities of Homedale and Marsing.  The hearing was conducted in Marsing.  Seven members of the public offered their comments as discussed below.

The Mayor of Homedale, Mr. Paul Fink, testified that he has been in contact with several of the business people in town that use the rail and that they reportedly see no benefit to maintaining rail service in Homedale.  Furthermore, he notes that the city council is not supportive of the railroad.  Rather, the council prefers that the rail be removed primarily because the crossings are in poor condition.

Mr. Jerry Bowman, owner of Bowman Produce, testified that he relies on the railroad for the shipment of his products.  He recognizes that the line has not been particularly profitable and he has had to rely increasingly on trucking.  His primary concern is that he be provided the opportu­nity to purchase land owned by the railroad adjacent to his property in order to facilitate his use of trucks rather than rail to ship his products.  Mr. Bowman conceded that it is actually cheaper for him to ship by truck than by rail into certain markets.

Mr. Jon Watson, owner of JC Watson Company, testified that he also ships produce, as well as fertilizer, on the Homedale branch.  Mr. Watson stated that he has come to rely more on trucking for the shipping of his produce but would prefer to utilize rail for inbound shipments of his fertilizer.  Mr. Watson states that the fertilizer business is highly competitive and that the abandonment will increase his shipping costs.  While he opposes the abandonment, he recognizes that the railroad needs to take necessary steps to remain “economical.”  He believes that he can adapt to the loss of the Homedale branch if the railroad cooperates with him in the transfer of land adjacent to his property.

Mr. Dale Wheeler testified on behalf of the United Transportation Union.  His group opposes the abandonment of the Homedale branch believing that there is significant opportunity for potential growth in the respective communities of Homedale and Marsing necessitating the continued existence of the Homedale branch.  He further expressed the concern that the increased truck traffic resulting from the proposed abandonment would push the local highways beyond their carrying capacity.

Finally, several other witnesses testified expressing their opposition to the conversion of the Homedale branch into a recreational byway due to the perceived threat of vandalism to their properties.

According to data included with Union Pacific’s application to the Surface Transportation Board, there were 49 cars shipped on the Homedale branch in 1995 and 42 cars in 1996.  Union Pacific expects this to decrease to 39 cars in the current year.  Union Pacific states that it expects to incur an operating loss of $209,836 for the year May 1, 1997 through April 30, 1998, if it continues to operate the line.  In addition, Union Pacific calculates a lost opportunity cost for the same period of $242,390.  Union Pacific states that because of alternate truck transportation as well as its continued services at Wilder, there will be “minimal adverse effect on local interests” resulting from the abandonment.

LEGAL ANALYSIS

Idaho Code § 62-424 provides:

62-424.  Hearing on abandonment.— Whenever any railroad proposes to abandon any branch line or main line now in operation within the state of Idaho, the railroad shall file notice of the intended abandonment with the public utilities commission.  Not less than ninety (90) days after such notice, the public utilities commission shall schedule a public hearing on the proposed abandonment.  If the hearing results in a finding by the commission that the abandonment of the branch line or main line would adversely affect the area then being served and that there is reason to believe that the closure would impair the access of Idaho communities to vital goods and services and market access to those communities and that the line has potential for profitability, then the public utilities commission shall transmit a report of its findings to the interstate commerce commission on behalf of the people of the state of Idaho.

Commission Decision

Does the Commission find that the abandonment of the Homedale branch would (1) adversely affect the area in question, (2) that there is a reason to believe that the closure would impair the access of Idaho communities to vital goods and services and market access to those communities, and (3) that the Homedale branch has the potential for profitability?  If the Commission’s response to any of the foregoing three questions is in the negative, then Staff proposes that an Order be issued so indicating and closing this case.  If the Commission finds in the affirmative in response to all three of the foregoing questions, then Staff proposes that a report be submitted to the Surface Transportation Board.

Brad Purdy

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