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PASSENGER TRAIN SERVICE LEGISLATION

HEARINGS

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

COMMITTEE ON COMMERCE
UNITED STATES SENATE

NINETY-FIRST CONGRESS

FIRST SESSION

ON

S. 674, S. 2750, S. 2865, S. 2887, S. 2939, S. 2951, S.J. Res. 120, S.J. Res. 129, and S. Con Res. 32

SEPTEMBER 23, 24, AND 25, 1969

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PASSENGER TRAIN SERVICE LEGISLATION

TUESDAY, SEPTEMBER 23, 1969

U.S. SENATE,
COMMITTEE ON COMMERCE,
SURFACE TRANSPORTATION SUBCOMMITTEE,
Washington, D.C.

The subcommittee met at 10:30 a.m. in room 5110, New Senate Office Building, Hon. Vance Hartke presiding.

Present: Senators Hartke, Cannon, Moss, and Pearson.

OPENING STATEMENT BY THE CHAIRMAN

Senator HARTKE. Good morning, ladies and gentlemen. These hearings are for the purpose of examining the numerous legislative proposals before this committee, which purportedly would solve or help solve the various problems threatening to make passenger train travel extinct in this country.

The Congress has been struggling unsuccessfully for years to fashion an effective response to the dilemma posed by the declining usage of trains by the traveling public. But now the committee and the Congress have available more information about the situation as a result of recent ICC activities. In July the Interstate Commerce Commission completed a report entitled "Investigation of Costs of Intercity Rail Passenger Service." Results of the study indicated that the railroads were indeed losing money in the operation of their passenger trains. Not as much money is being lost as many of the railroads had claimed, but on the other hand, losses are apparently greater than many supporters of passenger trains had claimed.

Most recently, and most significantly, perhaps, the ICC has decided that it has no statutory authority to impose minimum standards of service quality on the railroads, but the Commission has indicated that it believes it should have such power.

Congressional interest in passenger service has grown substantially within the last year or so. Congressional mail on the matter is heavy and the early returns on the Metroliner indicate that perhaps there is a role for the passenger train in a modern transportation system. If this is true, Congress should not let the passenger train disappear from the scene by default. Some 92 million people other than commuters, rode trains in 1968, this a considerable number of people but it is still 47 million less than the number that rode trains in 1958. There seems to be a market, there seems to be an interest, the question is what should be done and what can be done by the Congress.

Staff member assigned to this hearing: A. Daniel O'Neal.

Because there are several bills before this committee and because it would be impossible at these hearings to attempt to analyze each bill separately, it will be our objective to obtain answers to what, in my mind, are the basic issues.

(1) What procedural amendments to the Interstate Commerce Act should or should not be approved by this committee. I would include in this category the question of whether the ICC should have authority over the adequacy of service, as well as such questions as should time for the processing of discontinuance petitions be extended? are the roles of the individual and the States being protected by present procedures? and so on.

(2) Are more studies necessary? What kind of studies? By whom should they be carried out? Should there be a moratorium on discontinuances during the study period?

(3) Should the Federal Government provide financial assistance to the railroads or someone else in an effort to develop viable railroad passenger service? If so, what form should that financial assistance take?

I think if we can obtain answers to these questions, we can develop legislation which will receive the support of a majority of the Congress.

(The bills and agency comments follow.)

[S. 674, 91st Cong., first sess.]

A BILL To amend section 13a of the Interstate Commerce Act, relating to the discontinuance or change of certain operations or services of common carriers by rail, in order to require the Interstate Commerce Commission to give full consideration to all financial assistance available before permitting any such discontinuance or change

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 13a(1) of the Interstate Commerce Act (49 U.S.C. 13a(1)) is amended by inserting after "If, after hearing in such investigation," the following: "including full consideration of any financial assistance available pursuant to the Urban Mass Transportation Act of 1964 or any other law for the purpose of continuing such operation or service and the efforts of such carrier or carriers to obtain such assistance,".

SEC. 2. Section 13a(2) of the Interstate Commerce Act (49 U.S.C. 13a(2) is amended by inserting after "The Commission may grant such authority only after full hearing" a comma and the following: "including full consideration of any financial assistance available pursuant to the Urban Mass Transportation Act of 1964 or any other law for the purpose of continuing such operation or service and the efforts of such carrier or carriers to obtain such assistance,".

[S. 2750, 91st Cong., first sess.]

A BILL To amend section 13a of the Interstate Commerce Act so as to provide for reimbursement to the carrier of the cost of operating uneconomic interstate railroad passenger train service performed under order of the Commission

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 13a of part I of the Interstate Commerce Act (49 U.S.C. 13a) is amended to read as follows:

"DISCONTINUANCE OR CHANGE OF CERTAIN OPERATIONS OR SERVICE

"SEC. 13a. (1) A carrier or carriers subject to this part, if their rights with respect to the discontinuance or change, in whole or in part, of the operation or service of any train or ferry operating from a point in one State to a point in any other State or in the District of Columbia, or from a point in the District of Columbia to a point in any State, are subject to any provision of the constitution or statutes of any State or any regulation or order of (or are the subject of any proceeding pending before) any court or an administrative or regulatory agency of any State, may, but shall not be required to, file with the Commission, and upon such filing shall mail to the Governor of each State in which such train

or ferry is operated, and post in every station, depot, or other facility served thereby, notice at least thirty days in advance of any such proposed discontinuance or change. The carrier or carriers filing such notice may discontinue or change any such operation or service pursuant to such notice except as otherwise ordered by the Commission pursuant to this paragraph, the laws or constitution of any State, or the decision or order of, or the pendency of any proceeding before any court or State authority to the contrary notwithstanding. Upon the filing of such notice the Commission shall have authority during said thirty days' notice period, either upon complaint or upon its own initiative without complaint, to enter upon an investigation of the proposed discontinuance or change. Upon the institution of such investigation, the Commission, by order served upon the carrier or carriers affected thereby at least ten days prior to the day on which such discontinuance or change would otherwise become effective, may require such train or ferry to be continued in operation or service, in whole or in part, pending hearing and decision in such investigation, but not for a longer period than four months beyond the date when such discontinuance or change would otherwise have become effective. If, after hearing in such investigation, whether concluded before or after such discontinuance or change has become effective, the Commission finds that the operation or service of such train or ferry is required by public convenience and necessity, the Commission may by order require the continuance or restoration of operation or service of such train or ferry, in whole or in part, for a period not to exceed one year from the date of such order. The provisions of this paragraph shall not supersede the laws of any State, or the orders or regulations of any administrative or regulatory body of any State applicable to such discontinuance or change unless notice as in this paragraph provided is filed with the Commission. On the expiration of an order by the Commission after such investigation requiring the continuance or restoration of operation or service, the jurisdiction of any State as to such discontinuance or change shall no longer be superseded unless the procedure provided by this paragraph shall again be invoked by the carrier or carriers.

"(2) Any order of the Commission entered pursuant to the provisions of paragraph (1) of this section requiring continued operation of a train or ferry shall provide that if, for the period subsequent to the discontinuance date in the notice filed under said paragraph and prior to the expiration of said order, the cost, as hereinafter defined, of operating the train or ferry shall exceed the direct revenues theeof, then upon request therefor, payment shall be made to the carrier or carriers, in the manner hereinafter provided and within ninety days after expiration of such order, of a sum equal to the amount by which such cost has exceeded said revenues. The term 'cost' shall mean those expenditures made or incurred in or attributable to the operation of such train or ferry, plus an appropriate allocation of common expenses and overheads. Such cost shall be then currently recorded by the carrier or carriers in such manner and on such forms as by general order may be prescribed by the Commission and shall be submitted to and subject to audit by the Commission. The Commission shall certify promptly to the Secretary of the Treasury the amount of payment to be made to said carrier or carriers under the provisions of this paragraph.

"(3) Payments required to be made to a carrier or carriers under the provisions of paragraph (2) of this section shall be made by the Secretary of the Treasury from funds hereby authorized to be appropriated in such amounts as may be necessary for the purpose of carrying out the provisions thereof.

"(4) (a) If at any time compliance by the carrier or carriers with the order of the Commission shall require the use of passenger train equipment not then owned by the carrier or carriers and reasonably available for such use, the Secretary of Transportation shall provide the carrier or carriers with the needed equipment on the basis of current railway rental charges for such equipment, and such rental charges shall constitute a cost to the carrier or carriers as that term is defined in paragraph (2) hereof.

"(b) The Secretary of Transportation is hereby authorized to purchase, lease, or otherwise acquire or obtain in the name of the Department of Transportation such passenger equipment as may be required to comply with the provisions of subparagraph (a) of this paragraph and to make payment therefor from funds hereby authorized to be appropriated in such amounts as may be necessary for the purpose of carrying out the provisions of this paragraph.

"(5) Where the discontinuance or change, in whole or in part, by a carrier or carriers subject to this part, of the operation or service of any train or ferry operated wholly within the boundaries of a single State is prohibited by the

constitution or statutes of any State or where the State authority having jurisdiction thereof shall have denied an application or petition duly filed with it by said carrier or carriers for authority to discontinue or change, in whole or in part, the operation or service of any such train or ferry or shall not have acted finally on such an application or petition within one hundred and twenty days from the presentation thereof, such carrier or carriers may petition the Commission for authority to effect such discontinuance or change. The Commission may grant such authority only after full hearing and upon findings by it that (a) the present or future public convenience and necessity permit of such discontinuance or change, in whole or in part, of the operation or service of such train or ferry, and (b) the continued operation or service of such train or ferry without discontinuance or change, in whole or in part, will constitute an unjust burden upon the interestate operations of such carrier or carriers or upon interstate commerce. When any petition shall be filed with the Commission under the provisions of this paragraph, the Commission shall notify the Governor of the State in which such train or ferry is operated at least thirty days in advance of the hearing provided for in this paragraph, and such hearing shall be held by the Commission in the State in which such train or ferry is operated; and the Commission is authorized to avail itself of the cooperation, services, records and facilities of the authorities in such State in the performance of its functions under this paragraph."

[S. 2865, 91st Cong., first sess.]

A BILL To amend section 13a of the Interstate Commerce Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 13a of part I of the Interstate Commerce Act (49 U.S.C. 13a) is amended to read as follows:

"13a(1) A carrier or carriers subject to this part, desiring to discontinue or change in whole or in part, the operation or service of any train or ferry operating between a point in one State or a foreign country and a point in any other State or in the District of Columbia, shall file with the Commission an application for authority to effect such discontinuance or change, and upon such filing shall mail to the Governor of each State in which such train or ferry is operated, and post in every station, depot, or other facility served thereby a notice of such filing. The carrier or carriers filing said application shall have the burden of establishing that the public convenience and necessity permit the proposed discontinuance or change, and that the continued operation or service without discontinuance or change will unduly burden interstate and foreign commerce. Within forty days following the filing of such application the Commission shall determine whether to hold a public hearing on the application. Should the Commission determine not to hold a public hearing, it shall issue an order to that effect. Should the Commission determine to hold a public hearing, it shall set the date for said hearing beginning within ninety days of the date of the filing of the application. If, after hearing, or at the time the Commission issues its order dispensing with hearing, the Commission finds that the public convenience and necessity permits the proposed discontinuance or change and that the continued operation or service of such train or ferry without discontinuance or change would constitute an unjust and undue burden upon the interstate operation of such carrier or carriers or upon interstate commerce, it shall issue an order authorizing such discontinuance or change, subject to such terms and conditions as in its judgment the public convenience and necessity may require. On and after the effective date of such order, and not before, the carrier or carriers may, without securing authority other than contained in said order, comply with the terms and conditions contained therein and proceed with the discontinuance or change. The provisions of this paragraph shall not supersede the laws of any State or the orders or regulations of any administrative or regulatory body of any State where such laws, orders, or regulations are applicable to such discontinuance or change and an application or petition seeking discontinuance or change has been duly filed with the appropriate State agencies.

"13a(2) Where the discontinuance or change, in whole or in part, by a carrier or carriers subject to this part, of the operation or service of any train or ferry operated wholly within the boundaries of a single State is prohibited by the constitution or statutes of any State or where the State authority having jurisdiction thereof shall have denied an application or petition duly filed with it by said carrier or carriers for authority to discontinue or change, in whole or in part, the operation or service of any such train or ferry or shall not have acted

finally on such an application or petition within seven months from the presentation thereof, such carrier or carriers may petition the Commission for authority to effect such discontinuance or change. The Commission may grant such authority, in whole or in part, subject to such terms and conditions as in its judgment the public convenience and necessity may require, only after full hearing and upon findings by it that (a) the present or future public convenience and necessity permit of such discontinuance or change, in whole or in part, of the operation or service of such train or ferry, and (b) the continued operation or service of such train or ferry without discontinuance or change, in whole or in part, will constitute an unjust and undue burden upon the interstate operations of such carrier or carriers or upon interstate commerce. When any petition shall be filed with the Commission under the provisions of this paragraph the Commission shall notify the Governor of the State in which such train or ferry is operated at least thirty days in advance of the hearing provided for in this paragraph, and such hearing shall be held by the Commission in the State in which such train or ferry is operated; and the Commission is authorized to avail itself of the cooperation, services, records, and facilities of the authorities in such State in the performance of its functions under this paragraph.

"13a(3) Any State, administrative or regulatory agency of a State, or person, adversely affected or aggrieved by an order of the Commission entered pursuant to paragraph (1) or (2) of this section, may bring suit to obtain judicial review thereof under the provisions of sections 1336, 1398, 2284, and 2321 through 2325 of the Judicial Code (28 U.S.C. 1336, 1398, 2284, and 2321–2325)."

[S. 2887, 91st Cong., first sess.]

A BILL To amend section 13a of the Interstate Commerce Act, to authorize a study of essential railroad passenger service by the Secretary of Transportation, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 13a of part I of the Interstate Commerce Act (49 U.S.C. 13a) is amended to read as follows:

"13a(1) A carrier or carriers subject to this part, if their rights with respect to the discontinuance or change, in whole or in part, of the operation or service of any passenger train or ferry operating between a point in one State, the District of Columbia, or a foreign country and a point in any other State or in the District of Columbia, are subject to any provision of the constitution or statutes of any State or any regulation or order of (or are the subject of any proceeding pending before) any court or an administrative or regulatory agency of any State, may, but shall not be required to, file with the Commission, and upon such filing shall mail to the Governor of each State in which such train or ferry is operated, and post in every station, depot, or other facility served thereby, including stations, depots, or facilities on the property of other carriers which share in the operation of said train, notice at least sixty days in advance of any such proposed discontinuance or change. The carrier or carriers filing such notice may, upon the expiration of, but not during, the notice period, discontinue or change any such operation or service pursuant to such notice except as otherwise ordered by the Commission pursuant to this paragraph, the laws or constitution of any State, or the decision or order of, or the pendency of any proceeding before, any court or State authority to the contrary notwithstanding. Upon the filing of such notice the Commission shall have authority during said sixty days' notice period, either upon complaint or upon its own initiatve wthout complant, to enter upon an investigation of the proposed discontinuance or change. Upon the institution of such investigation, the Commission, by its investigation order served upon the carrier or carrers affected thereby at least twenty days prior to the day on which such discontinuance or change would otherwise become effective, may require such train or ferry to be continued in operation or service, in whole or in part, pending hearing and decision in such investigation, but not for a longer period than seven months beyond the date when such discontinuance or change would otherwise have become effective; except that the Commission may further require such train or ferry to be continued in operation or service, in whole or in part, for a period of no longer than two months beyond the date specified in its investigation order, pending completion of the investigation or the Commission's determination of any petition or petitions for reconsideraion of its decision and order in such investigation. However, if during the notice period, the carrier or carriers discontinue or change, in whole or in part, the operation or service of any train or ferry, the Commis-

sion shall retain jurisdiction to enter upon an investigation of the change or discontinuance and may require the immediate restoration or continuance of operation or service of such train or ferry until the expiration of the notice period. When an investigation by the Commission is instituted under this section, the carrier or carriers filing such notice shall have the burden of establishing that public convenience and necessity permit the proposed discontinuance or change, in whole or in part, and that the continued operation or service of such train or ferry without discontinuance or change, in whole or in part, will unduly burden interstate or foreign commerce. If, after hearing in such investigation, whether concluded before or after such discontinuance or change has become effective, the Commission finds that the public convenience and necessity permits the proposed discontinuance or change, in whole or in part, and that the continued operation or service of such train or ferry without discontinuance or change, in whole or in part, will unduly burden interstate or foreign commerce, the Commission shall by order permit discontinuance of operation or service of such train or ferry in whole or in part. If, however, the Commission finds that the operation or service of such train or ferry is required by public convenience and necessity and will not unduly burden interstate or foreign commerce, the Commission may by order require the continuance or restoration of operation or service of such train or ferry, in whole or in part, for a period not to exceed one year from the date of such order; except that for two years following the enactment of this proviso, where any trains or ferry proposed to be discontinued represents the last remaining passenger train or ferry operated in either direction by the carrier or carriers proposing such discontinuance, between a point in one State and to a point in another State, the District of Columbia, or a foreign country or from a point in the District of Columbia to a point in any State or a foreign country, the Commission shall require the continuance of the operation or service in question for one year from the date of its order unless it finds that (1) the public convenience and necessity do not require its continuance, or (2) that it finds that continuance of the service or operation in question will impair the ability of carrier or carriers proposing such changes or discontinuance to meet its common carrier responsibilities, considering the overall financial condition of the carrier or carriers in question; except that in the case of operations and service covered by the first proviso, the Commission may attach such conditions to its order, requiring the continuance of the operations or service in question, as are just and reasonable to assure the preservation of a reasonable level of service for the passenger trains or ferries required to be continued; and except that the jurisdiction of the Commission over operations and service subject to the first and second provisos of this sentence shall be exclusive and the carrier or carriers proposing to discontinue or change any operation or service covered by these provisos shall file a notice with the Commission as provided in this paragraph, the laws or constitution of any State, or the decision or order of, or the pendency of any proceeding before, any court or State authority to the contrary notwithstanding. The provisions of this paragraph shall not supersede the laws of any State or the orders or regulations of any administrative or regulatory body of any State applicable to such discontinuance or change unless notice as in this paragraph provided is filed with the Commission. On the expiration of an order by the Commission, after such investigation requiring the continuance or restoration of operation or service, the jurisdiction of any State as to such discontinuance or change shall no longer be superseded unless the procedure provided by this paragraph shall again be invoked by the carrier or carriers.

"13a(2) Where the discontinuance or change, in whole or in part, by a carrier or carriers subject to this part, of the operation or service of any train or ferry operated wholly within the boundaries of a single State is prohibited by the constitution or statutes of any State or where the State authority having jurisdiction thereof shall have denied an application or petition duly filed with it by said carrier or carriers for authority to discontinue or charge, in whole or in part, the operation or service of any such train or ferry or shall not have acted finally on such an application or petition within seven months from the presentation thereof, such carrier or carriers may petition the Commission for authority to effect such discontinuance or change. Upon the filing of such a petition, such discontinuance or change shall be subject to all of the provisions of paragraph (1) of this section to the same extent as if the subject train or ferry operated as described in the first sentence of paragraph (1) of this section. When any petition shall be filed with the Commission under the provisions of this paragraph the Commission shall notify the Governor of the State in which such

train or ferry is operated at least thirty days in advance of the hearing provided for in this paragraph, and such hearing shall be held by the Commission in the State in which such train or ferry is operated; and the Commission is authorized to avail itself of the cooperation, services, records, and facilities of the authorities in such State in the performance of its functions under this paragraph.

"13a(3) Any State, administrative or regulatory agency of a State, or person, adversely affected or aggrieved by an order of the Commission entered pursuant to paragraph (1) or (2) of this section, may bring suit to obtain judicial review thereof under those provisions of law applicable in the case of suits to enjoin, suspend, or set aside orders of the Commission."

SEC. 2. The Secretary of Transportation, acting in cooperation with the Interstate Commerce Commission and other interested Federal agencies and departments, is authorized and directed to undertake and submit, within one year after the date of enactment of this Act, a study of the existing and future potential for intercity railroad passenger service in the United States to the Committee on Commerce of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives. In making this study, the Secretary shall consider, among other things:

(1) Existing resources of all types for meeting the Nation's present passenger transportation needs.

(2) Anticipated expansion of those resources by 1975 on the basis of current governmental or private activities (such as the interstate highway program, by Government, and auto production increases, by industry).

(3) The Nation's expected passenger transportation needs, including business, private, and defense movement, in the years 1975 and 1985.

(4) The ability of the existing resources, or resources as expanded by current governmental or private programs, to meet these anticipated needs adequately, efficiently, economically, expeditiously, safely, and comfortably, at least as far ahead as 1975.

(5) The abiilty of improved railroad passenger service to meet these anticipated needs.

(6) The proper role of the carriers and governmental bodies in developing the required quality and quantity of service, including methods of financing operations which are necessary but not economically viable.

[S. 2939, 91st Cong., first sess.]

A BILL To provide for the modernization of railroad passenger equipment in order to meet the needs of the commerce of the United States, of the postal service, and of the national defense, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Intercity Rail Passenger Service Act of 1969".

TITLE I—GENERAL PROVISIONS

Sec.

101. Congressional findings and declaration of purpose.
102. Definitions.
103. Act controlling.
104. Separability.

§ 101. Congressional findings and declaration of purpose

The Congress finds that modern, efficient intercity railroad passenger service is a necessary part of a balanced transportation system; that the public convenience and necessity require the continuance and improvement of such service to provide low-cost transportation between crowded urban areas and in increasingly isolated rural areas; that rail passenger service can help to end the congestion on our highways and the overcrowding of our airlines and airports; that the traveler in America should have freedom to choose that mode of travel most convenient to his needs; that to achieve these goals requires the restructuring and reequipment of existing passenger service; that the railroads have an obligation to provide good passenger service to the public; that the railroad industry cannot accomplish this task relying on its own financial resources alone; that Federal assistance is required to assist the railroads in meeting their public utility obligation; and, therefore. it is the purpose of this Act to authorize the Secretary of Transportation to purchase, rehabilitate, lease, service, maintain, and repair intercity railroad passenger equipment.

§ 102. Definitions

For the purposes of the Act—

(a) "Fund" means the railroad passenger equipment operating fund established by section 301 of this Act.

(b) "Railroad" means a common carrier by railroad, as defined in section 1 of part 1 of the Interstate Commerce Act, as amended (49 U.S.C. 1).

(c) "Railroad passenger equipment" means locomotives, cars, and other vehicles used or to be used for or in conjunction with the intercity transportation of passengers by railroad.

(d) "Rehabilitation" and "rehabilitate" means a substantial rebuilding or alteration of railroad passenger equipment so as to significantly improve its operating efficiency and its attractiveness to passengers, and also includes extensive repairs made necessary on account of the equipment having been permitted to substantially deteriorate.

(e) "Repair" and "repairs" mean such periodic repair work on railroad passenger equipment as must be performed in a repair shop, but which does not involve substantial rebuilding or alteration of the equipment, nor its rehabilitation after a period during which it has been permitted to substantially deteriorate.

(f) "Secretary" means Secretary of Transportation or his delegate.

(g) "Service and maintain" and "servicing and maintenance" mean the day-to-day upkeep of railroad passenger equipment, including the performance of minor running repairs of a nature that can be performed in a terminal facility without the necessity of taking the equipment to a repair shop.

(h) "Total operating expense" means and includes all expenses of the Secretary incurred in the administration of his functions under this Act and in the servicing, maintenance, and repair of railroad passenger equipment, but does not include the cost of purchase or rehabilitation of railroad passenger equipment, nor the cost of purchase of plant facilities, tools, equipment, and other instrumentalities for the rehabilitation and repair of railroad passenger equipment.

§ 103. Act controlling

Insofar as the provisions of any other law are inconsistent with the provisions of this Act, the provisions of this Act shall be controlling.

§ 104. Separability

Notwithstanding any other evidence of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any person or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of the Act or its applications to other persons or circumstances, but shall be confined in its operation to the provisions of this Act or the application thereof to the persons or circumstances directly involved in the controversy in which the judgment shall have been rendered.

TITLE II—PURCHASE, REHABILITATION, LEASE, SERVICING, MAINTENANCE, AND REPAIR OF RAILROAD PASSENGER EQUIPMENT AND PLANT FACILITIES

Sec.

201. Purchase and rehabilitation of existing railroad passenger equipment.
202. Purchase of new railroad passenger equipment.
203. Lease of railroad passenger equipment.
204. Servicing, maintenance, and repair of railroad passenger equipment.
205. Provision of modern plant facilities, tools, equipment, and other instrumentalities for the rehabilitation and repair of railroad passenger equipment.
206. Appointment of personnel; procurement of services.
207. Protective arrangements for employees; labor standards.

§ 201. Purchase and rehabilitation of existing railroad passenger equipment

(a) The Secretary is authorized to purchase existing railroad passenger equipment which, in his judgment, is capable of providing efficient, dependable, and attractive railroad passenger service or which, in his judgment, could be economically rehabilitated to provide such service.

(b) The Secretary is authorized to contract for such rehabilitation with persons or corporations as in his judgment are capable of performing the work in an efficient and economical manner.

§ 202. Purchase of new railroad passenger equipment

The Secretary is authorized to purchase new railroad passenger equipment of such type and design as, in his judgment, would enable the provision of efficient, dependable, and attractive railroad passenger service.

§ 203. Lease of railroad passenger equipment

(a) The Secretary is authorized to lease railroad passenger equipment to any railroad or railroads, or to any regional transportation authority established.

(b) Leases shall be either for individual equipment trips or for a fixed term. Rental for trip leases shall be computed on the basis of actual miles operated in revenue service or on such other basis as the Secretary may determine.

(c) The Secretary shall set lease levels at such a level that the total operating expense, as heretofore defined, is met by such rentals.

(d) During the term of leases, lessees shall adequately service and maintain the equipment except to the extent this work is to be performed by the Secretary as specifically provided for in the lease. Lessees shall comply with all governmental laws, regulations, and requirements, and with such rules and regulations as the Secretary may establish with respect to the maintenance, use, and operation of railroad equipment including passenger service standards.

(e) Railroad lessees shall have the right to arrange for movement of leased equipment over the lines of other railroads, either within the continental United States or beyond the limits thereof, in accordance with normal arrangements for the interchange of such equipment between them.

§ 204. Servicing, maintenance, and repair of railroad passenger equipment

(a) The Secretary is authorized to service, maintain, and repair railroad passenger equipment acquired under the provisions of sections 201 and 202 above, except to the extent that lessees are obligated to perform such functions in accordance with the provisions of section 203(d) above. In exercising this authority, the Secretary may contract for such servicing, maintenance, and repair with persons or corporations as in his judgment are capable of performing such functions in an efficient and economical manner, and may acquire, by purchase or lease, and operate servicing and maintenance facilities at such locations as he deems expedient.

(b) The Secretary is authorized to service and maintain railroad passenger equipment owned by any railroad or railroads at facilities operated by the Secretary under subsection (a) above. Remuneration to the Secretary shall be at least equal to the incremental cost of performing such work.

§ 205. Provision of modern plant facilities, tools, equipment, and other instrumentalities for the rehabilitation and repair of railroad passenger equipment

The Secretary is authorized to purchase plant facilities, tools, equipment, and other instrumentalities for the rehabilitation and repair of railroad passenger equipment, and to lease these items to persons or corporations whom he has contracted with to rehabilitate and repair railroad passenger equipment under the provisions of sections 201(b) and 204(a) above. The Secretary shall fix rentals for such leases which shall be at least equal to the cost of the item amortized over its normal service life.

§ 206. Appointment of personnel; procurement of services

The Secretary is authorized to appoint, subject to the provisions of title 5 of the United States Code governing appointment in the competitive service, such personnel as may be necessary to enable him to carry out efficiently his functions and responsibilities under this Act. The Secretary is further authorized to procure services as authorized by section 3109 of title 5 of the United States Code, but at rates for individuals not to exceed $100 per diem, unless otherwise specified in an appropriation Act.

§ 207. Protective arrangements for employees, labor standards

(a) In carrying out the provisions of this Act, the Secretary shall provide fair and equitable arrangements, as determined by the Secretary of Labor, to protect the interests of employees who are affected by any action of the Secretary authorized by this Act. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) to such employees under existing collective-bargaining agreements or

otherwise; (2) the continuation of collective-bargaining rights; (3) the protection of such individual employees against a worsening of their positions with respect to their employment; (4) assurances of priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. Such arrangements shall include provisions protecting individual employees against a worsening of their positions with respect to their employment which shall in no event provide benefits less than those established pursuant to section 5(2)(f) of the Interstate Commerce Act. Any contract entered into pursuant to the provisions of section 201, 202, 204, or 205 of this Act shall specify the terms and conditions of such protective arrangements.

(b) The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by the contractors and subcontrators in the performance of construction work financed with the assistance of funds received under any contract or agreement entered into under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Secretary shall not enter into any such contract or agreement without first obtaining adequate assurance that required labor standards will be maintained on the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in the Reorganization Plan Numbered 14 of 1950, and section 2 of the Act of June 13, 1934 (40 U.S.C. 276(c)).

TITLE III—AUTHORIZATION OF FUNDS

Sec.

301. Establishment of operating fund.
302. Use of fund.
303. Authorization of appropriations to fund.

§ 301. Establishment of operating fund

The railroad passenger equipment operating fund (hereinafter referred to as the "fund") is established in the Treasury of the United States as a separate fund subject to withdrawal by check by the Secretary of Transportation. There shall be deposited in the fund the following items:

(a) payments received by the Secretary for the lease of railroad passenger equipment pursuant to section 203 of this Act;

(b) payments received by the Secretary for the servicing and maintenance of railroad passenger equipment pursuant to section 204(b) of this Act;

(c) payments received by the Secretary for the lease of plant facilities and other items pursuant to section 205 of this Act;

(d) payments received by the Secretary for the sale or other disposition of railroad passenger equipment, facilities, and other items, which in his judgment are no longer needed to carry out his functions under this Act, such sale or disposition to be made in accordance with applicable law governing disposal of surplus Government property; and

(c) Funds appropriated to the Secretary as authorized by section 303 of this Act.

§ 302. Use of fund

(a) The Secretary shall use the moneys in the fund to pay all the expenses and costs of the administration and operations of his functions under this Act, including, but not limited to—

(1) purchase and rehabilitation of existing railroad passenger equipment;

(2) purchase of new railroad passenger equipment under section 202 of this Act;

(3) servicing, maintenance, and repair of railroad passenger equipment under section 204(a) of the Act;

(4) purchase of plant facilities and other items under section 205 of this Act;

(5) purchase or lease of necessary office and warehouse facilities, materials, and supplies; and

(6) salaries, wages, and related retirement and other employee benefit contribution.

(b) Moneys deposited in the fund shall remain available for expenditure without limitation as to time and are not subject to apportionment under section 3679 of the Revised Statutes (31 U.S.C. 665).

(c) From time to time the Secretary shall deposit in the general fund of the Treasury of the United States as miscellaneous receipts those balances in the fund which he determines to be in excess of the amount required for the administration and operation of his functions under this Act.

§ 303. Authorization of appropriations to fund

There are hereby authorized to be appropriated to the fund such sums as may be necessary to carry out the provision of this Act, but not to exceed $15,000,000 for the fiscal year ending June 30, 1970; $60,000,000 for the fiscal year ending June 30, 1971; $60,000,000 for the fiscal year ending June 30, 1972; and $60,000,000 for the fiscal year ending June 30, 1973.

TITLE IV—MISCELLANEOUS PROVISIONS

Sec.

§ 401. Laws applicable
§ 402. Audit of contracts
§ 403. Annual report to Congress
§ 404. Information furnished to congressional committees

§ 401. Laws applicable

(a) Leases and contracts entered into by the Secretary, regardless of the place where the same may be executed, shall be governed by the laws of the District of Columbia.

(b) Railroad passenger equipment, while the same is under lease, shall be and remain subject to applicable provisions of the Interstate Commerce Act and other governing statutes and to the exercise of jurisdiction by the Interstate Commerce Commission and the Federal Railroad Administration pursuant thereto, and the Secretary shall comply with the provisions of section 20c of the Interstate Commerce Act by filing with the said Commission a copy of all leases entered into under the provisions of this Act: *Provided, however*, That neither the secretary nor any of his functions pursuant to this Act, other than as above specifically set forth, shall be subject to the Interstate Commerce Act or to the exercise of any jurisdiction by said Commission.

§ 402. Audit of contracts

Each agreement or contract entered into under this Act other than under competitive bidding procedures, as determined by the Secretary, shall provide that the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, may, for the purpose of audit and examination, have access to any books, documents, papers, and records of the parties to such agreement or contract which are pertinent to the operations or activities under such agreement or contract.

§ 403. Annual report to Congress

The Secretary shall submit to Congress on the first day of each regular session an annual report setting forth a statement of his activities, receipts, and expenditures pursuant to this Act during the previous fiscal year.

§ 404. Information furnished to congressional committees

The Secretary shall, if requested by any appropriate committee of the Senate or House of Representatives, furnish such committee with information concerning activities carried out under this Act.

[S. 2951, 91st Cong., first sess.]

A BILL To amend part I of the Interstate Commerce Act by the addition of a new section 13b so as to set forth the duty of railroads operating intercity passenger trains to provide and furnish reasonably adequate service and to authorize the Commission to establish and enforce standards of reasonably adequate service and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part I of the Interstate Commerce Act be amended by adding a new section 13b which reads as follows:

"ADEQUACY OF CERTAIN PASSENGER OPERATIONS

"13b. (1) It shall be the duty of every common carrier by railroad operating a passenger train from a point in one State to a point in any other State or in the

District of Columbia, or from a point in the District of Columbia to a point in any State, to provide and furnish reasonably adequate passenger service on any such train in operation.

"(2) In considering and determining whether reasonably adequate passenger service is being provided and furnished on any such train in operation, the Commission shall give due consideration, among other things, to the operating condition of the passenger equipment; the inclusion in the consist, where appropriate, of pullman and dining cars; the maintenance of adequate comfort in cold and hot weather; the availability of sufficient equipment to accommodate the normal demands of all ticketholders; and the maintenance of adequate and sufficient facilities for obtaining accurate information regarding train schedules and available reservations.

"(3) The Commission shall have the power, upon complaint, or on its own initiative without complaint, to enter upon an investigation of the standards of service on a passenger train operating from a point in one State to a point in any other State or in the District of Columbia, or from a point in the District of Columbia to a point in any State, and, whenever it is deemed to be in the public interest after hearings, to establish standards of reasonably adequate service to be provided and furnished by any such railroad on any such train. The Commission shall have the authority to issue orders necessary to enforce the standards of reasonably adequate service so established and to prescribe rules, regulations, and procedure necessary for administration of this section, except that in the case of interstate trains whose primary purpose is the performance of local commuter service the Commission shall not establish or enforce standards of reasonably adequate service. Nothing in this section shall impair or affect the power of a State, or of States acting in concert, and in the exercise of its or their residual powers, to establish reasonable standards of such local railroad commuter service, or to operate or to participate in the operation of such commuter service."

[S.J. Res. 120, 91st Cong., first sess.]

JOINT RESOLUTION Providing for the preparation and submission to the Congress of a master ground transportation plan for the United States

Whereas there does not currently exist a master ground transportation plan for the United States; and

Whereas since 1958 the Interstate Commerce Commission has processed more than two hundred train discontinuance proceedings alone in a piecemeal fashion due to nonexistence of a national transportation plan; and

Whereas the best interest of the citizenry and the business community of our Nation would be served by establishment of a national transportation plan; and

Whereas the recognition of the need for comprehensive transportation planning has been acknowledged by the Congress in establishing the Department of Transportation: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Transportation acting in cooperation with the Interstate Commerce Commission shall, within one year after the date of enactment of this joint resolution, prepare and submit to the Committee on Commerce of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives a master ground transportation plant for the United States.

SEC. 2. Until the sixieth day after the submission of the master ground transportation plan to the committees of the Senate and House of Representatives as provided by the first section of this joint resolution, the Interstate Commerce Commission may not approve any consolidation, unification, merger, or acquisition of control of a railroad corporation, nor may there be any discontinuance or change, in whole or in part, of the operation or service of any train or ferry subject to part I of the Interstate Commerce Act, unless such discontinuance or change is approved by the appropriate State regulatory agency of each State affected by such discontinuance or change. During the period while the Interstate Commerce Commission may not approve any consolidation, unification, merger, or acquisition of control of a railroad corporation, the operation of any provisions of antitrust laws applicable to mergers or consolidations that are not operative while the Commission has such authority shall be in full force and have full effect.

[S.J. Res. 129, 91st Cong., first sess.]

JOINT RESOLUTION To establish an advisory commission to make recommendations with respect to the acquisition of necessary property and equipment for, and the operation of, railroad passenger service by the Federal Government

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

ESTABLISHMENT OF COMMISSION

SECTION 1. (a) There is hereby established an Advisory Commission on Federal Railroad Passenger Service (hereinafter referred to as the "Commission") which shall be composed of fifteen members as follows:

(1) three appointed by the President of the Senate from Members of the Senate;

(2) three appointed by the Speaker of the House of Representatives from Members of the House of Representatives; and

(3) nine appointed by the President from among persons who are well qualified by training or experience to carry out the functions of the Commission, and who represent railroad management, railroad labor, and the general public.

(b) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(c) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(d) Eight members of the Commission shall constitute a quorum.

DUTIES OF THE COMMISSION

SEC. 2. (a) The Commission shall make a full and complete study and investigation for the purpose of making recommendations with respect to—

(1) what property and equipment of the Nation's railroads should the Federal Government acquire in order to operate a national railroad passenger service;

(2) the best means of acquiring such property and equipment;

(3) what additional property and equipment, if any, would be needed; and

(4) the best means of operating such service, and the extent to which such operation should be carried out, in order to provide an efficient railroad passenger transportation system to the extent needed in the Nation.

(b) The Commission shall submit to the President and to the Congress a report with respect to its findings and recommendations not later than one year after the Commission has been fully organized.

POWERS AND ADMINISTRATIVE PROVISIONS

SEC. 3. (a) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this joint resolution, hold such hearings, take such testimony, and sit and act at such times and places as the Commission, subcommittee, or member deems advisable. Any member authorized by the Commission may administer oaths or affirmations to witnesses appearing before the Commission, or any subcommittee or member thereof.

(b) Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is authorized and directed to furnish to the Commission, upon request made by the Chairman or Vice Chairman, such information as the Commission deems necessary to carry out its functions under this joint resolution.

(c) Subject to such rules and regulations as may be adopted by the Commission, the Chairman, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, shall have the power—

(1) to appoint and fix the compensation of such staff personnel as he deems necessary, and

(2) to procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, but at rates not to exceed $50 a day for individuals.

37-793—70——3

COMPENSATION OF MEMBERS

SEC. 4. (a) Any member of the Commission who is appointed from the executive or legislative branch of the Government shall serve without compensation in addition to that received in his regular employment, but shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(b) Members of the Commission, other than those referred to in subsection (a), shall receive compensation at the rate of $ per day for each day they are engaged in the performance of their duties as members of the Commission and shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

EXPENSES OF THE COMMISSION

SEC. 5. There are authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out this joint resolution.

EXPIRATION OF THE COMMISSION

SEC. 6. The Commission shall cease to exist ninety days after the submission of its report.

[S. Con. Res. 32, 91st Cong., first sess.]

CONCURRENT RESOLUTION Providing for the Secretary of Transportation to make an investigation of potential rail transportation over existing lines and rights-of-way for passenger and mail transportation in the United States

Resolved by the Senate (the House of Representatives concurring), That, because (1) expressway and interstate highways in major urban areas are near the saturation point, (2) air congestion has become a problem of national concern, (3) large segments of rural America will soon be without rail passenger transportation, and (4) the railroads, despite financial problems, can play a vital role in solving our ground transportation problems, it is the sense of the Congress that the Secretary of Transportation should make an investigation of the potential of rail transportation, particularly over existing lines and rights-of-way, for passenger and mail transportation in the United States. Such investigation should have as its primary objective an analysis of the feasibility of developing, promoting, and operating interurban railroad transportation through the establishment of regional (or intrastate) rail transportation commissions, a Government-industry public corporation; or through direct assistance to railroad operators. Such an investigation should also include:

(a) a comprehensive determination of where and how the technology and service developed in the northeast corridor high-speed rail project can be utilized in other intercity corridors in the United States;

(b) in consulation with railroad companies, State utility commissions, and State or regional transportation authorities determine the feasibility of providing Federal assistance for the planning and development of regional rail-passenger services;

(c) a comprehensive determination of the feasibility of providing Government assistance to furnish a pool of passenger equipment; provide modern terminal facilities; and for experimentation in fare structure, type of service and frequency of service through loans to railroads, or grants to public authorities established for the purpose of promoting and operating regional rail-passenger services;

(d) in consultation with the Postmaster General, a determination as to how containerized mail can be coordinated with existing or future passenger train schedules to insure both fast mail service and a continuation of needed passenger routes;

(e) in consultation with railroad management and railroad labor organizations, a determination as to what changes in work rules can be worked out to insure greater use of rail passenger service;

(f) a review of all existing research and development in rail transportation and a determination of areas where future research and development should be concentrated, with special emphasis on equipment design, maintenance, right-of-way, and track and power supply improvements; and

(g) such other matters as would determine and promote the potential of

rail transportation for the purpose of assisting in the solution of such problems.

SEC. 2. It is also the sense of Congress that in view of the urgency of the problems involved such investigation and study by the Secretary of Transportation, and a report thereon, should be contemplated in not more than six months, and pending such completion the Interstate Commerce Commission should exercise such authority as it has under law to prevent any abandonment or sale of rail passenger service facilities.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., February 14, 1969.

B–139052.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of January 28, 1969, requesting our commitments on S. 674 which would amend section 13a of the Interstate Commerce Act, 49 U.S.C. 13a.

Section 13a was added to the Interstate Commerce Act in 1958 (Pub. L. 85–625, 72 Stat. 568, 571), at the instigation of rail carriers which urge that the several states, by denial or by refusal to act, prevented the cessation of passenger train operations and ferries no longer required or used by the public. It provides a method and procedures to make it possible for carriers by railroad subject to the Interstate Commerce Act to discontinue or change, in whole or in part, the interstate or intrastate operation or service of trains or ferries operated by them, notwithstanding otherwise applicable state laws.

S. 674 would amend the section to require the Interstate Commerce Commission to give full consideration to any financial assistance available pursuant to the Urban Mass Transportation Act of 1964 or other law and the efforts of such carrier or carriers to obtain such assistance before permitting discontinuance or change of service.

The bill is apparently intended to prevent the unwarranted elimination of passenger train and ferry service where such assistance is available and it is noted that the Commission in its eighty-first annual report for the fiscal year 1967 at page 92 indicates that since it presently considers all such possible assistance, this type of bill is unnecessary. However, the bill would appear to make mandatory upon the Commission what it indicates it already does under its discretionary powers.

The enactment of S. 674 would not directly affect the functions or operations of our Office, nor would it adversely affect the interest of the United States as a user of transportation. We accordingly have no recommendation to make as to the action to be taken on the bill by your committee.

Sincerely yours,

R. F. KELLER,
For the Comptroller General
of the United States.

DEPARTMENT OF THE ARMY,
Washington, D.C., November 5, 1969

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 674, 91st Congress, a bill "To amend section 13a of the Interstate Commerce Act, relating to the discontinuance or change of certain operations or services of common carriers by rail, in order to require the Interstate Commerce Commission to give full consideration to all financial assistance available before permitting any such discontinuance or change". The Secretary of Defense has assigned to the Department of the Army the responsibility for expressing the views of the Department of Defense thereon.

S. 674 would amend section 13a of the Interstate Commerce Act to require the Interstate Commerce Commission, in passenger train discontinuance proceedings, to give full consideration to all financial assistance available under any law, including that under the Urban Mass Transportation Act of 1964, before permitting

any discontinuance or change in rail passenger service. According to its sponsor the underlying purpose of the bill is to make it more difficult for rail carriers to eliminate essential passenger service, unless they have exhausted all efforts to obtain financial assistance which would permit the continuation of such operation or service.

The Department of Defense is vitally interested in the promotion of a strong, reliable national transportation system and in general favors any measure which would insure the availability of adequate passenger service, both intercity and within urban areas. However, S. 674 raises certain questions which are considered to be matters of direct and primary interest to the Interstate Commerce Commission and the Department of Transportation, among which is the question of whether the specific requirement to be imposed on the Interstate Commerce Commission under the bill is necessary in view of the broad authority presently contained in section 13a of the Interstate Commerce Act. Accordingly, the Department of the Army on behalf of the Department of Defense defers to the Interstate Commerce Commission and the Department of Transportation as to the merits of S. 674.

The fiscal effects of S. 674 cannot be estimated.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely yours,

STANLEY R. RESOR,
Secretary of the Army.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., October 6, 1969.

B–139052.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,

DEAR MR. CHAIRMAN: Further reference is made to your letter of August 4, 1969, requesting our comments on S. 2750 which would amend section 13a of the Interstate Commerce Act, 49 U.S.C. 13a.

Section 13a was added to the Interstate Commerce Act in 1958 (Pub. L. 85–625, 72 Stat. 568, 571), at the instigation of rail carriers which urged that the several states, by denial or by refusal to act, prevented the discontinuance of train operations and ferries no longer required or used by the public. It provides a method and procedures to make it possible for carriers by railroad subject to the Interstate Commerce Act to discontinue or change, in whole or in part, the interstate or intrastate operation or service of trains or ferries operated by them, notwithstanding otherwise applicable state laws.

S. 2750 would amend the section to require that any order of the Commission requiring continued operation of interstate train or ferry service shall provide for reimbursing the carrier for the cost of operating the rail train or ferry service performed under order of the Interstate Commerce Commission in excess of the direct revenues therefrom. It provides for payment of the cost in excess of revenue within 90 days of expiration of the order from Federal funds authorized therein to be appropriated.

The bill is apparently intended to improve and preserve railroad passenger service which for sometime has been on the decline. The Interstate Commerce Commission in its eighty-second annual report for the fiscal year 1968 at page 5 states:

> "In the past fiscal year, the number of trains proposed for discontinuance was more than double the number presented to the Commission in any previous year. The number of regular intercity trains dropped to 575, or by more than 15 percent in the past fiscal year, principally as a result of decisions under section 13a of the Interstate Commerce Act. However, the most critical problem was presented by the receipt of several proposals to discontinue the last remaining rail passenger service between major areas in the country, particularly in the West. In view of the trends in rail passenger operations and discontinuance proceedings, significant segments of the last remaining long- and medium-distance intercity rail passenger service

will not survive the next few years without a major shift in Federal and carrier policies."

Your Committee's attention is also directed to pages 5 through 14 and 109 through 111 of the report for the Commission's views in connection with this problem.

Paragraphs (4)(a) and (4)(b) of S. 2750 would provide the basic statutory authority for the Department of Transportation to enter the field of procuring and renting passenger train equipment. Under the bill, the Secretary of Transportation would be authorized from funds which would be authorized to be appropriated by the bill to purchase, lease, or otherwise acquire any passenger train equipment required to comply with the order of the Interstate Commerce Commission and not readily available for such use on the basis of current rental charges for the equipment.

Although the title of the bill indicates its intent is to provide for reimbursement to the carrier of the cost of operating uneconomic interstate railroad *passenger* train service performed under order of the Commission, section 13a(1) of the Interstate Commerce Act and that section as it would be amended by S. 2750, seems sufficiently broad to cover both interstate *freight* and *passenger* train and ferry service and it would appear that under sections 13(2) and 13(3) of the amended Act as proposed in the bill reimbursements could be made to carriers ordered to continue uneconomic interstate freight train and ferry service. Your Committee may wish to restrict the possible reimbursements to interstate *passenger* train and ferry service.

Since S. 2750 provides for the expenditure of appropriated funds, disbursement for the financial aid to the railroads provided in the bill, including contracts and all pertinent records would be subject to audit and review by our Office with reports to the Congress by the Comptroller General as he may deem necessary under the provisions of the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). This would require the Interstate Commerce Commission to make its records concerning the reimbursements fully available to the General Accounting Office. We mention this in view of our experience in seeking information from the Interstate Commerce Commission concerning the certain records we believed were necessary for us to make an adequate, independent and objective audit of a large loan to a railroad under the Railroad Loan Guaranty Program. On July 13, 1962, we furnished the Committee on Commerce, United States Senate, a report on the denial of access to records in this case.

We believe also that access to the pertinent records of the applicant carriers would be necessary for the adequate administration and audit of the proposed financial assistance program and we recommend that a provision somewhat similar to section 393(b) of Public Law 87-447, 76 Stat. 66, be included in S. 2750 if the bill is to be favorably considered. Section 393(b) reads:

> "The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this part [Part IV of the Communications Act of 1934, as amended]."

Other similar provisions appear in section 318(b) of the Trade Expansion Act of 1962, 76 Stat. 891, 19 U.S.C. 1918(b); section 393(b) of the Communications Act of 1934, as added by the act of May 1, 1962, 76 Stat. 66, 47 U.S.C. 393(b); section 11(b), now section 304(b), of the Clean Air Act, as added by the act of December 17, 1963, 77 Stat. 401, 42 U.S.C. 1857j(b); and section 21(b) of the Federal Airport Act, as added by section 13 of the act of March 11, 1964, 78 Stat. 162, 49 U.S.C.A. 1120(b).

The enactment of S. 2750 would not affect directly the functions and operations of our Office. While we are aware of the problem of the continuing decline and deterioration of railroad passenger service, the matter appears to be one of policy for consideration of the Congress and other than the above comments we make no recommendation as to the action to be taken by your Committee on S. 2750.

Sincerely yours,

R. F. KELLER,
Assistant Comptroller General
of the United States.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., October 28, 1969.

HON. WARREN G. MAGNUSON
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 2750, "To amend section 13a of the Interstate Commerce Act so as to provide for reimbursement to the carrier of the cost of operating uneconomic interstate railroad passenger train service performed under order of the Commission."

Section 13a of the Interstate Commerce Act authorizes the Interstate Commerce Commission to require by order the continuance or restoration of operation or service of a train or ferry proposed to be discontinued by the carrier, for a period not to exceed one year from the date of such order. The bill would amend section 13a to require the Federal Government to pay the difference between operating costs and direct revenues of any train or ferry service ordered continued by the Commission. Costs would be defined as those expenditures made or incurred in or attributable to the operation of such train or ferry, plus an appropriate allocation of common expenses and overheads. The bill would also provide that if compliance by the carrier with the order of the Commission shall require the use of passenger train equipment not then owned by the carrier and reasonably available for such use, the Secretary of Transportation shall provide the carrier with the needed equipment on the basis of current railway rental charges for such equipment. The Secretary of Transportation would be authorized to purchase, lease, or otherwise acquire or obtain in the name of the Department of Transportation such passenger equipment. It is not clear whether the "current railway rental charges" referred to in the bill would be sufficient to cover the cost to the Government of providing such equipment.

The Department has no knowledge of the need to subsidize the operation of train and ferry services ordered to be continued by the Commission. We are concerned, however, that the proposed legislation could establish an undesirable precedent, dull incentives to develop more economical and efficient service, and result in Federal payment of costs which would have been incurred whether or not the service was discontinued.

The problem of dwindling and deteriorating rail-passenger service is presently under consideration by the Department of Transportation, and that Department has announced it plans to propose legislation for upgrading the nation's railroad passenger operations.

In view of the foregoing, the Department recommends that action on the bill be deferred pending consideration of the recommendations of the Department of Transportation.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the Administration's program to the submission of this report to your Committee.

Sincerely yours,

PAUL W. EGGERS,
General Counsel.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., October 10, 1969.

B–139052.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of September 11, 1969, requesting our comments on S. 2865, which would amend section 13a of the Interstate Commerce Act, 49 U.S.C. 13a.

Section 13a was added to the Interstate Commerce Act in 1958 (Pub. L. 85–625, 72 Stat. 568, 571), at the instigation of rail carriers which urged that the several states, by denial or by refusal to act, prevented the discontinuance of train operations and ferries no longer required or used by the public. It provides a method and procedures to make it possible for carriers by railroad subject to the Interstate Commerce Act to discontinue or change, in whole or in part, the interstate or intrastate operation or service of trains or ferries operated by them, notwithstanding otherwise applicable state laws.

S. 2865 is intended to impose on the railroads and on the Interstate Commerce Commission new criteria for the change or discontinuance of certain interstate and intrastate train and ferry operations.

The enactment of S. 2865 would not directly affect the functions or operations of our Office, nor would it adversely affect the interest of the United States as a user of transportation. While we are aware of the need for viable solutions to rail passenger transportation problems, we have no specialized knowledge of the problems which may have given rise to the introduction of S. 2865 and make no recommendation as to the action to be taken on the bill by your Committee.

Sincererly yours,

R. F. KELLER,
Assistant Comptroller General,
of the United States.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., October 1, 1969.

B–139052.
Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of September 12, 1969, requesting our comments on S. 2887, which would amend section 13a of the Interstate Commerce Act, 49 U.S.C. 13a, and authorize a study of essential railroad passenger service by the Secretary of Transportation.

Section 13a was added to the Interstate Commerce Act in 1958 (Pub. L. 85–625, 72 Stat. 568, 571), at the instigation of rail carriers which urged that the several states, by denial or by refusal to act, prevented the discontinuance of train operations and ferries no longer required or used by the public. It provides a method and procedures to make it possible for carriers by railroad subject to the Interstate Commerce Act to discontinue or change, in whole or in part, the interstate or intrastate operation or service of trains or ferries operated by them, notwithstanding otherwise applicable state laws.

S. 2887 is intended to impose on the railroads and on the Interstate Commerce Commission new criteria for the change or discontinuance of certain interstate and intrastate passenger train and ferry operations; also, it would authorize a study by the Secretary of Transportation, in cooperation with the Interstate Commerce Commission and other interested Federal agencies, of the existing and future potential for intercity railroad passenger service in the United States.

The enactment of S. 2887 would not directly affect the functions or operations of our Office, nor would it adversely affect the interest of the United States as a user of transportation. While we are aware of the need for viable solutions to the existing passenger transportation problems created in part by the increasing urbanization of sections of our country, we have no specialized knowledge of these problems and make no recommendation as to the action to be taken on the bill by your Committee.

Sincerely yours,

R. F. KELLER,
For the Comptroller General
of the United States.

OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., November 5, 1969.

Hon. WARREN G. MAGNUSON,
Chairman, Commerce Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on S. 2939, the Intercity Rail Passenger Service Act of 1969.

At present, rail passenger service is generally provided by investor-owned railroad companies, subject to the requirement that the Interstate Commerce Commission approve any discontinuance of service in interstate commerce. 49 U.S.C. §§ 1(18), 13a.

S. 2939 would authorize the Secretary of Transportation to purchase, rehabilitate, lease, service, maintain and repair railroad passenger equipment. In performing any of these functions the Secretary would be authorized to deal with any persons, corporations, railroads, or regional transportation authorities which

in his judgment would be suitable to carry out the purpose of the Act. The Secretary would have the power to operate plant facilities, to appoint personnel as necessary to carry out authorized programs, and to provide protective arrangements for employees, as determined by the Secretary of Labor. The Secretary would have the use of a separate operating fund established in the Treasury which would consist of $15 million for fiscal 1970 and $60 million for each subsequent fiscal year through June 30, 1973.

Whether this legislation should be enacted involves questions as to which the Department of Justice defers to the Department of Transportation and the Interstate Commerce Commission.

While so deferring, the Department of Justice notes that the legislation appears to assume that the acquisition of property and control of service operations by the Federal Government is the only solution to the passenger service problem.

However, there would seem to be a number of possible means of dealing with this problem. They include Federal, State or local subsidization of such services, Federal or State promotional efforts to help make passenger service viable, and Federal, State, or local governmental acquisition and operation of such services. A number of approaches may be tried. Possibly no single solution would be found ideal.

The Bureau of the Budget has advised that there is no objection to this report from the standpoint of the Administration's program.

Sincerely,

RICHARD G. KLEINDIENST,
Deputy Attorney General.

DEPARTMENT OF THE ARMY,
Washington, D.C., November 10, 1969.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense with respect to S. 2939, 91st Congress, a bill "To provide for the modernization of railroad passenger equipment in order to meet the needs of the commerce of the United States, of the postal service, and of the national defense, and for other purposes." The Secretary of Defense has assigned to the Department of the Army the responsibility for expressing the views of the Department of Defense on this bill.

The purpose of S. 2939 which is to be known as the "Intercity Rail Passenger Service Act of 1969" is to provide Federal assistance to common carriers of passengers by railroad in preserving and improving intercity railroad passenger service. In furtherance of this purpose, the Secretary of Transportation would be authorized to purchase and rehabilitate existing railroad passenger equipment, purchase new railroad passenger equipment such as high-speed trains, and then to lease such equipment to the railroads or any regional transportation authority operating passenger service. A separate operating fund would be established in the Treasury of the United States to finance the expenses and costs of administration and operations under the bill. S. 2939 is identical to companion bill, H.R. 13352 introduced in the House of Representatives on August 6, 1969.

The Department of Defense is vitally interested in the preservation and development of strong, reliable transportation systems to meet the needs of commerce and the national defense, and consequently has always supported broad development programs designed to insure the availability of adequate passenger service, both intercity and within urban areas.

S. 2939 represents one of several methods currently being considered by Congress aimed at solving the deteriorating intercity rail passenger transportation problem in the United States.

While this Department favors the objectives of S. 2939, the selection of appropriate measures to accomplish the stated objectives is considered to be a matter for the judgment of the Department of Transportation and the Interstate Commerce Commission. Accordingly, the Department of the Army on behalf of the Department of Defense defers to the views of those agencies as to the merits of S. 2939.

The fiscal effects of S. 2939 cannot be estimated.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely yours,

STANLEY R. RESOR,
Secretary of the Army.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., November 12, 1969.

B–107449.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate,

DEAR MR. CHAIRMAN: Reference is made to your letter of September 22, 1969, requesting our comments on S. 2939, which would provide for the modernization of railroad passenger equipment in order to meet the needs of the commerce of the United States, of the postal service, and of the national defense.

S. 2939 is addressed to the problem of deteriorating rail passenger equipment and, in the long range, to the preservation of intercity rail passenger service. Such service would be declared to be essential to a balanced transportation system and required by the public convenience and necessity to provide low-cost service between urban areas and in isolated rural areas and to reduce highway and airway congestion. The bill would declare as a finding of Congress that the railroad industry cannot fulfill its obligation to provide the public with adequate rail passenger transportation in reliance solely on its own financial resources. Federal assistance is therefore required.

Thus, the bill would authorize the Secretary of Transportation to purchase and to rehabilitate railroad passenger equipment, to service, maintain and repair that equipment, and to provide for modern plant facilities, tools, equipment and other instrumentalities for the maintenance and repair of such equipment. These functions would be financed from an operating fund to be established under section 301 of S. 2939.

The fund would consist of the amounts authorized to be appropriated under section 303, of payments received by the Secretary for the lease of equipment and plant facilities, for maintenance and servicing of equipment, and of the profits realized from disposition of equipment, facilities, etc., which the Secretary may consider surplus to his needs in carrying out his functions under the Act.

The establishment of the kind of rail passenger equipment pool and maintenance and repair facilities contemplated by S. 2939 is essentially a matter of policy for determination of the Congress; enactment of the bill would not materially affect our functions.

While we have no specialized information concerning the substance of the bill, the decline of adequate, efficient rail passenger service is, of course, within the public knowledge and experience. Whether or not the approach taken in the bill is the one best calculated to achieve a viable railroad passenger transportation system is outside our particular competence. We note, however, that this bill gives the Secretary no authority in the area of track and roadbed modernization, although their condition affects both the safety and quality of railroad passenger transportation. Neither does it provide any details as to what authority the Secretary might retain over the use of the equipment which he acquires and leases to the railroads.

One of the Congressional findings spelled out in section 101 of the bill is that the public convenience and necessity require the continuance and improvement of passenger transportation service not only between crowded urban areas but also "in increasingly isolated rural areas." While there is no provision in the bill by which the Secretary can assure the use of any leased equipment to provide service in such areas or even that service will continue to be provided in such areas at all, the lease arrangements presumably will be conditioned on such use; perhaps there should be some specific requirements on this point in the bill.

Another finding in section 101 is that achieving the specified goals requires the restructuring and reequipment of existing passenger service. Again, the lease arrangements should include appropriate conditions for the restructuring of existing passenger service and authority for the Secretary to enforce such restructuring upon the lessees of Government-controlled rail passenger equipment and facilities.

Several aspects of S. 2939 seem to us to need clarification or modification, in order to assure achievement of the goals set out in the bill and fulfillment of the Congressional purpose.

Section 203(c) requires the Secretary to set rentals in passenger equipment leases at such levels as to meet total operating expenses. "Total operating expenses" is defined in section 102(h) to mean all expenses of the Secretary in administering his functions under the Act and in the servicing, maintenance and repair of passenger equipment, but not the acquisition cost of rehabilitation and repair facilities, the acquisition cost of equipment or the cost of rehabilitating equipment. Section 205 authorizes the purchase and subsequent lease to private operators of plant facilities, tools, equipment and other instrumentalities for the rehabilitation and repair of rail passenger equipment. The Secretary is to fix the rentals at least equal to the cost of the item amortized over its normal service life.

In terms of the definition of "total operating expense," then, it seems that the Secretary would not be permitted to recover depreciation on new or rehabilitated rail passenger equipment through revenues realized from the lease of such equipment to the railroads. Neither would the Secretary be permitted to recover depreciation on the modern plant facilities, tools and other instrumentalities for passenger equipment repair and rehabilitation acquired and subsequently leased to private parties under section 205. Section 205 does authorize the Secretary initially to recover depreciation on such leased facilities, etc., by requiring that he fix the rentals thereof so as to equal the cost of the item amortized over its normal service life. But a component of the lessee-contractor's charge to the Secretary for rehabilitating and repairing Government-owned rail passenger equipment would be attributable to the depreciation cost included in the plant and tool rental. And this depreciation component in the rehabilitation and repair charge would, under the bill's definition of "total operating expense," have to be excluded from the rental fixed by the Secretary in leasing the repaired and rehabilitated passenger equipment to the railroads.

So the effect of these provisions is that the Government would subsidize the railroad-lessees of rail passenger equipment to the extent of the unrecoverable depreciation on such new and rehabilitated equipment and to the extent of the depreciation on plant facilities, tools and instrumentalities acquired for and used in rehabilitating and repairing such rail passenger equipment. If a different result is intended, the bill should be clarified.

As indicated, section 205 concerns the acquisition and subsequent lease to private operators of facilities and instrumentalities for railroad passenger repair and rehabilitation. Possibly, it may be desirable to make some distinction between the use of leased facilities for Government and non-Government purposes and to consider whether it is necessary to make some special provision with regard to use for non-Government business.

There is included in section 204(a) authority for the Secretary to acquire by purchase and lease and to operate facilities for servicing and maintaining the railroad passenger equipment acquired under sections 201 and 202. Those facilities, under authority in section 204(b), are also to be used for the servicing and maintenance of railroad-owned passenger equipment, at a remuneration at least equal to the incremental cost of performing the servicing and maintenance.

If the Secretary's service and maintenance facilities should be operating at less than capacity, the incremental costs for additional work could be nominal. On the other hand, if demands exceed capacity and if section 204(b) intends the Secretary to meet such demands, even to the extent of expanding capacity in order to do so, incremental costs for such additional work could be very large. The probable intent of section 204(b) is for the Secretary to service and maintain railroad-owned passenger equipment only on a capacity-available basis. If so, it might be advisable to amend section 204(b) to make that intent clear.

Section 207 covers protective arrangements for employees affected by any action of the Secretary authorized under the bill. You may wish to include specific reference to the protection of affected railroad employees who are covered by the Railroad Retirement Act and the Railroad Unemployment Insurance Act. This could be accomplished by substituting a comma for the semicolon after the word "otherwise" on line 12, page 9, and adding after the comma: "including the rights of former railroad employees covered by the Railroad Retirement Act, 45 U.S.C. 228 *et seq.*, and the Railroad Unemployment Insurance Act, 45 U.S.C. 351 *et seq.*"

The contract audit section of the bill, section 402, provides for the inclusion of an access-to-records clause in contracts entered into other than under competitive bidding procedures. We suggest that you may wish to consider expanding section 402 to provide for access-to-records clauses in subcontracts made in connection with prime contracts containing such clauses.

In connection with the procurement aspects of the bill we would point out that the bill is not clear as to whether it is intended to provide authorities to the Secretary of Transportation without regard to the Federal Property and Administrative Services Act of 1949, as amended, and other statutes applicable to Government procurements generally.

For example sections 201, 203, 204 and 205 provide for discretionary actions by the Secretary with respect to matters which would ordinarily be governed by controlling procurement statutes and regulations. Section 402 refers to "competitive bidding" procedures without a definition of that term and leaves it to the discretion of the Secretary as to what procedures will be followed in the award of contracts. Section 207 specifically requires protective arrangements for contractor employees indicating that statutes such as the Walsh Healy Act and the Davis Bacon Act, 41 U.S.C. 35; 40 U.S.C. 276a, although ordinarily applicable to Government procurements generally are not intended to apply to the Secretary's functions under the provisions of the bill, unless specifically mentioned. Finally, section 103 provides that the act shall prevail over inconsistent provisions of other acts.

We would strongly urge that the bill be clarified concerning the extent of the Secretary's authority to disregard general statutes governing the procedures to be followed by executive agencies in the award of Government contracts.

We would recommend that the Secretary's procurement activities under the bill should be made clearly subject to generally applicable procurement requirements.

Sincerely yours,

R. F. KELLER,
Assistant Comptroller General
of the United States.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., July 7, 1969.

B–104930.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We refer to your letter of June 16, 1969, asking for our comments on S.J. Res. 120. The resolution would require the Secretary of Transportation, acting in cooperation with the Interstate Commerce Commission, within one year after the date of enactment of the resolution, to prepare and submit to your Committee and the Committee on Interstate and Foreign Commerce of the House of Representatives a master ground transportation plan for the United States.

The resolution also would preclude the Interstate Commerce Commission from approving any consolidation of railroad corporations or from authorizing the discontinuance of rail service not approved by the appropriate state regulatory agency until 60 days after such master plan is submitted. An identical resolution, H.J. Res. 52, has been introduced in the House of Representatives.

The "master ground transportation plan" for the United States which the resolution would require to be prepared is not further defined or explained. Taken literally, the language would seem to require a comprehensive intermodal plan for a national transportation system of railroads and motor carriers capable of furnishing both passenger and freight transportation services. Yet section 2 of the resolution relates almost entirely to railroads, thus raising some question whether the master plan envisioned by the resolution is one for a railroad system only. It might be advisable to make the legislative intent clear and certain by amending the resolution to include some definition of the term "master ground transportation plan."

Apart from the above suggestion, we have no special information that would assist the Committee in its consideration of the joint resolution and its enactment would not affect the functions of the General Accounting Office. We therefore

have no recommendation to make as to the action to be taken on the resolution.

Sincerely yours,

R. F. KELLER,
For the Comptroller General
of the United States.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., August 25, 1969.

B–139052.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Further reference is made to your letter of June 30, 1969, requesting our comments on S.J. Res. 129, the purpose of which is "To establish an advisory commission to make recommendations with respect to the acquisition of necessary property and equipment for, and the operation of, railroad passenger service by the Federal Government."

This joint resolution, if approved, will establish an Advisory Commission on Federal Railroad Passenger Service for the purpose of studying and investigating the feasibility of acquiring property and equipment from the Nation's railroads and reporting as to the best means of operating such service in order to provide an efficient railroad passenger transportation system to the extent needed in the Nation.

The enactment of S.J. Res. 129 would not affect directly the functions and operations of our Office, nor would it adversely affect the interests of the United States as a user of transportation. While we are aware of the need for viable solutions to the existing passenger transportation problems created in part by the increasing urbanization of sections of our country, we have no specialized knowledge as to the desirability of this measure and make no recommendation as to the action to be taken by your Committee.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., November 10, 1969.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S.J. Res. 129, "To establish an advisory commission to make recommendations with respect to the acquisition of necessary property and equipment for, and the operation of, railroad passenger service by the Federal Government."

The proposed legislation would establish an Advisory Commission on Federal Railroad Passenger Service to be composed of 15 members, three appointed by the President of the Senate from members of the Senate, three appointed by the Speaker of the House of Representatives from members of the House, and nine appointed by the President. The Commission would be responsible for making a full and complete study and investigation for the purpose of making recommendations with respect to (1) what property and equipment of the nation's railroads the Federal government should acquire in order to operate a national railroad passenger service; (2) the best means of acquiring such property and equipment; (3) what additional property and equipment would be needed; and (4) the best means of operating such service. The joint resolution would direct each agency of the Executive branch of the government to furnish to the Commission such information as the Commission deems necessary to carry out its functions.

Since the proposed legislation relates to matters primarily within the jurisdiction of other agencies, the Treasury has no comment to make on its merits.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the Administration's program to the submission of this report to your Committee.

Sincerely yours,

PAUL W. EGGERS.

OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., November 18, 1969.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on S.J. Res. 129, a joint resolution "To establish an advisory commission to make recommendations with respect to the acquisition of necessary property and equipment for, and the operation of, railroad passenger service by the Federal Government."

The resolution would establish a mixed congressional-executive commission of 15 members. It would submit to the President and Congress a report of its findings and recommendations with respect to the acquisition of necessary property and equipment for and the operation of railroad passenger service by the Federal Government.

Under § 3(b) each executive agency would be authorized and directed to furnish to the Commission, upon the request of its Chairman or Vice Chairman, information deemed necessary by the Commission to carry out its functions. Some requested information may be submitted to or in the possession of an agency on a confidential basis. To provide for this contingency, § 3(b) may be amended by inserting on page 3, line 23, after the word "furnish" the words "to the extent permitted by law."

Whether this legislation should be enacted involves questions on which the Department of Justice defers to the Department of Transportation and the Interstate Commerce Commission.

While so deferring, the Department of Justice notes that the resolution appears to assume that nationalization is the only solution to the problem of railroad passenger service. There would seem to be a number of possible means of dealing with this problem. They include unrestricted abandonment of such service; Federal, State, or local subsidization of such service; Federal or State promotional efforts to help make passenger service viable; and Federal, State, or local governmental acquisition and operation of such services. A number of approaches may be tried. Possibly no single solution would be found ideal. We suggest that Congress might, therefore, wish to consider whether the resolution should be amended to direct the Commission to consider not only nationalization, but also all other alternatives to the present railroad passenger train problem.

The Bureau of the Budget has advised that there is no objection to this report from the standpoint of the Administration's program.

Sincerely,

RICHARD G. KLEINDIENST,
Deputy Attorney General.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 23, 1969.

B-139052.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,

DEAR MR. CHAIRMAN: Reference is made to your letter of June 16, 1969, requesting our comments on S. Con. Res. 32.

The concurrent resolution would provide for the Secretary of Transportation making an investigation of potential rail transportation over existing lines and rights-of-way for passenger and mail transportation in the United States and would express the sense of Congress that a report thereon should be completed in not more than six months and that pending completion of such report, the Interstate Commerce Commission should exercise such authority as it possesses to prevent any abandonment or sale of rail passenger service facilities.

The enactment of S. Con. Res. 32 would not affect directly the functions and operations of our Office, nor would it adversely affect the interests of the United States as a user of transportation. While we are aware of the need for viable solutions to the existing passenger transportation problems, we have no special-

ized knowledge of these problems and make no recommendation as to the action to be taken by your Committee on S. Con. Res. 32.

Sincerely yours,

R. F. KELLER,
For the Comptroller General
of the United States.

Senator HARTKE. I think at this time that the first witness we have will be a member of our committee, who has a long and distinguished record of being concerned with the basic rights of individuals and especially consumers and the traveling public are consumers.

Senator Moss?

STATEMENT OF HON. FRANK E. MOSS, U.S. SENATOR FROM UTAH

Senator Moss. Thank you, Mr. Chairman.

I have a prepared statement. I will stay with that, but will be glad to submit to questions.

Mr. Chairman, first in the 90th Congress, and again in this Congress, I have been the Senate sponsor of a joint resolution authorizing the preparation and submission to Congress of a master ground transportation plan for the United States.

The companion House resolution has, in each Congress, been introduced by the Congressman with whom I share the same surname, John Moss.

The current Senate resolution, Senate Joint Resolution 120, will be considered by the subcommittee in the present discussions on passenger train discontinuance.

The resolution which provides that a blueprint for coordinated national transportation system (a) be submitted to the Congress within 1 year after enactment, and also calls for a moratorium on passenger train discontinuance during that period and for 60 days after its presentation to the Congress.

In my estimation, the approach of Senate Joint Resolution 120 is superior to that of S. 2887 introduced by our chairman at the request of the Interstate Commerce Commission, which is also before us.

Both bills have somewhat the same objective, but Senate Joint Resolution 120 attacks the problem on the broad front of what are the Nation's overall transportation needs, and how do passenger trains fit into the pattern for fulfilling these needs rather than what are the Nation's specific needs for passenger train service, which is the main thrust of S. 2887.

Under the Master Ground Transportaton plan proposed by the Moss-Moss resolution, the potential of each branch of our transportation system would be studied, the passenger and freight train, the motor bus and truck, the private automobile, the various types of water transportation, and the airplane, including the growing air-ground access problem.

The study would develop and recommend techniques which would closely link the various methods of transportation to one or the other and make each one complementary to the other.

The objective would be to replace our present collection of haphazard regional systems which operate generally without regard to one another, with a national coordinated plan in which each type of transportation would be used to best advantage for all of us.

Such a study would, I am confident, recognize railroad passenger service as an attractive convenient alternative to other modes of travel, and a mode which under good management practices, with good equipment and service, and with imaginative promotion, could be made to thrive and prosper.

There is no doubt that one reason that passenger trains are not widely patronized is because railroads want it that way. They have not made intercity passenger service attractive, because they hold it does not pay.

This is, undoubtedly, true in some instances, although some of the losses to the railroads have probably been overestimated. But railroads are a public utility and they have a responsibility to serve the public.

Revenues could undoubtedly be stepped up if the equipment and service were improved, if the trains were kept clean, and if an effort was made to sell the public on the advantage of riding them. The Metroliner between Washington D.C. and New York and New England, is a case in point.

Canada maintains a first-class railway passenger service. Why can't we?

If essential passenger service cannot be made to pay its way in the United States, then we must consider what must be done to make it pay its way. Perhaps a subsidy is the answer. But we must insist first, I believe, that the railroads themselves do everything possible they can to make the passenger train a paying proposition. Otherwise, we will lose an important segment of our transportation web.

At the present time, there are over 90 million cars, trucks, and buses on our streets and highways. This is twice as many as we had in 1950. With a population of some 200 million, this means we have one vehicle on the street for every two persons. There are some 400,000 passengers in the air each day on 14,200 commercial air flights. It is also estimated that between 15,000 to 20,000 private airplanes are in flight in this country daily.

Our highways and our airports are already dangerously overcrowded in many areas and in the next 30 years, by the year 2000, our population will have doubled. We will probably have about 400 million people. How are we going to move them about these United States? We will need every basic method of transportation we now have, expanded and improved in every possible way.

I am sure that every member of this subcommittee will agree with me when I say we cannot allow another session of the Congress to adjourn without some action having been taken to keep our passenger trains from vanishing.

In the last 12 years, more than 1,000 trains have been discontinued. There are now less than 500 passenger trains operating in comparison with more than 20,000 in 1929. And 60 of these have been proposed for discontinuance and are currently subject of investigations. Two of the current investigations concern trains which serve my State of Utah, trains number 17 and 18 of the Denver and Rio Grande Railroad Co., between Salt Lake City and Denver, Colo., the California Zephyr, and trains number 5 and 6 of the Union Pacific Railroad Co., between Omaha, Nebr. and Los Angeles, Calif.

I have appeared at the Interstate Commerce Commission hearings in Utah this past month, to oppose both of these proposed discon-

tinuances. I have attempted to point out the place of the trains in the transportation webb of the area which they serve.

But, I have had few facts on which to base my plea, because there are no overall transportation studies and no overall transportation planning to which I could refer. In each instance, the ICC was considering the discontinuance of each train in a vacuum and this has been true of every other passenger train discontinuance which has been considered in Utah. The Utah Industrial Promotion Board recently issued a study of rail passenger service and transportation policy which makes an urgent appeal for beginning work immediately on a national transportation plan. Let me quote a few pertinent parts:

> The actual number of passenger trains discontinued and those remaining in service, does not reveal the full story, the ability to make passenger train connections throughout the country has been greatly hampered. Services provided at rail terminals have declined over the years, and the condition of the trains themselves including on-train service, has dramatically deteriorated.

Then at a later point, I quote again:

> In recent rail passenger hearings, the State of Utah has specifically taken the position that, 1, a continuation of an entire train service should be considered in a hearing and not just one section of a train, and 2, through the Commission on adequacy of all railroad passenger service between the west coast and the Midwest through Utah, thus developing a broader picture of the need for rail passenger service as it is related to the State and other geographical areas.

Pointing out that one of the most important and visible examples of the expenditure of public funds is for highway construction, and that by law we can grant direct subsidies to airlines, including both trunk and feeder lines, that the Federal Government spends more than $50 million each year for the maintenance and operation of our inland waterways, and approximately $200 million a year in capital investment in navigation facilities, the study suggests that—

> If a thorough investigation demonstrates that rail passenger service cannot be operated entirely on a profitable basis, that consideration should then be given to public aid in one form or another.

The conclusion the report reaches follows the line of my recommendations in Senate Joint Resolution 120 as follows:

> While the State of Utah believes it is necessary in the public interest and convenience to oppose pending discontinuance petitions of passenger trains which provide service to the State, it should still be emphasized that there is an impending need for the Interstate Commerce Commission to conduct hearings relative to the question of adequacy of all passenger service, serving this section of the country, but an adequacy investigation alone may not be totally adequate to explore the future role of passenger service as it relates to the total national transportation picture.
>
> It would be meritorious for appropriate governmental bodies to evaluate fully the present transportation needs of the Nation along with the public aid programs, and regulatory schemes as they relate to these needs. The pursuit of such a course could only prove beneficial to the public interest in the long run.

I don't know a better way to conclude my statement.

Thank you, Mr. Chairman.

Senator HARTKE. Senator Cannon, do you have any questions?

Senator CANNON. No.

Senator HARTKE. Senator Moss, one question arises. Another study would take 1 year according to your resolution. Do you feel then, that we do not have enough information to proceed at the present time, even on an experimental basis?

Senator Moss. I am not aware of any overall study that has been made. My resolution would include a moratorium on discontinuance for a year, so it would attempt to somewhat hold the status quo as far as the train service is concerned.

Senator HARTKE. I might point out that in Indiana at the present time there is underway a hearing on the proposed discontinuance of the James Whitcomb Riley train, which is named after one of our famous authors.

A friend of mine thought it looked as though passenger service was going out of style and he wanted to go to the west coast by train while the opportunity existed so he decided to go by the Phoenix route, which is supposed to provide one of the most beautiful views of the mountains.

So he called the railroad and they said, "Yes," they had space. He asked what connections he could get out of Indianapolis, and they say don't take the James Whitcomb Riley, because we can't guarantee that it will arrive in time to allow a convenient connection with the western train. All you have to do is take a Greyhound bus to Chicago.

The bus station in Chicago is only seven blocks from the railroad station. That route will insure that you get there in time.

It seemed to me that this was a good example of some of the deficiencies in service that exist at the present time.

Senator Moss. If he wanted the real scenic route he should have taken the California Zephyr that comes from Denver through the mountains to Salt Lake City and then to the West.

Senator HARTKE. Does that go through Nevada?

Senator CANNON. Yes, sir.

Sentor HARTKE. Thank you, Senator Moss.

We will now hear from Senator Tydings, also a member of the committee.

Good morning, Senator.

STATEMENT OF HON. JOSEPH D. TYDINGS, U.S. SENATOR FROM MARYLAND

Senator TYDINGS. Thank you, Mr. Chairman.

I am here to testify today on behalf of S. 2939, a bill which will provide railroads with modern, attractive passenger equipment. If this measure is passed, I believe it will begin the renaissance of our passenger railroad industry. At present rail passenger service is a neglected and dying component of our transportation network. If we are to have a balanced, rational, and efficient transportation system, this vital part—intercity railroad passenger service—must be revived and preserved.

I am sure that this subcommittee is well aware that intercity rail service offers unique transportation characteristics making it the most efficient way to move large numbers of people between cities for distances of under 300 miles.

(1) Door-to-door travel time is lower because railroad stations are in the center of our large cities.

(2) Railway travel is usually safer and more comfortable than air or road.

(3) There is little of the harmful air and noise pollution that comes from cars or planes.

(4) The cost of the land needed for railroads is miniscule compared to highway right-of-way costs or the expensive tracts for airfields near cities. After all, one track of rail can move the same number of passenger per hour as 24 lanes of superhighway.

Not only is railway passenger service the best way to move people between cities in high density areas, but also it is needed to relieve the strangulation of our other modes of transport. I need not elaborate upon the massive overloading, the long delays, and the resulting unreliability of road and jet travel in our Nation. Trains can move 50,000 persons an hour over a single track without a delay. Can we utterly ignore this transportation capability today, as cars are stalled on our roads and our planes stacked up above our airports?

As this country needs passenger rail service more and more, we are getting less and less. From 1946 to 1969, the number of passenger trains in the United States has decreased from 11,000 to less than 500. In the past decade, the number of passengers using railroads has decreased 40 percent. Thirty-six percent of the 1958 passenger routes no longer exist today. Almost every week we hear the announcement of another passenger train discontinuance. It is clear that if we don't move swiftly, we will have nothing left to preserve or rebuild.

Why are our passenger trains disappearing? Because the railroads, attracted by the high profits from their freight business, have ignored and neglected railway passenger service. Without the railroads' attention, capital, advertising, or high regard for customer service, passengers have naturally left the trains, lured to the ubiquitous car or the highly advertised jet. After driving revenue away deliberately, the railroads then seek to discontinue the passenger routes which they have made uprofitable.

So we must act—and act swiftly—to halt this spiral of poor service and poor profits and to save this vital part of our transport network.

I do not believe that additional studies, no matter how illuminating, are adequate to meet the crisis at hand. The difficulty in maintaining present passenger service will be increased immeasurably if we must restore passenger service that has already been halted. Nor do I believe that changes in ICC discontinuance procedures or its jurisdiction over passenger service standards are sufficient congressional response to this situation. Either we must act to turn the passenger railroad service into a profitable private industry or we must, as Senator Hatfield has done, turn our attention toward Federal ownership. I strongly prefer the former alternative and that is why I believe the legislation I propose is so vitally needed.

My bill will break the interaction between dispirited passengers and uninterested rairoads by authorizing the Secretary of Transportation to buy new cars and lease them to the railroads or to buy old cars, rehabilitate them, and lease them back. The legislation will allow the Department of Transportation to replace or repair all the passenger cars that will need major overhaul in the next 4 years. The leasing

revenues must pay for the full cost of servicing, maintaining, and repairing these cars.

In addition, this legislation will allow the Department of Transportation to effect railroad passenger service in three key ways:

First, this legislation enables the Department of Transportation to choose those passenger routes that must be saved and prescribe service standards.

Thus, through the power granted by this legislation, the Department of Transportation—with the Interstate Commerce Commission—will be able to evolve a national transportation policy for passenger service. Planning and national perspective are the key criteria that are now utterly lacking in our present structure—especially in the piecemeal discontinuance hearing process.

Second, by offering to lease this new equipment, the Secretary of Transportation will be granting enough hope of profitability to preclude a railroad from discontinuing an essential passenger route. The railroads, knowing that they are in the passenger business to stay, will finally devote the energies, skills, and capital to this desperately needed service, rather than sustain continuing losses.

Third, the Secretary of Transportation will have the authority to prescribe railroad passenger service standards through the terms of the railroad car leases.

The new railroad equipment will come with leases requiring adequate passenger service standards; the combination of these two will attract the passengers to the railroads and begin their return to profitability. Since the prospects of discontinuance will be very slight, the railroads will, if they are rational, invest the needed capital in roadbeds, stations, and advertising to complete the passenger railroad revival.

I consider this bill as a "pump primer"; it will supply the necessary initial capital inflow, the required change in the power of our regulator agencies and administrators, and the commitment by the Congress to retain and improve railroad passenger service. Hopefully, this will be enough to turn the corner toward health in a segment of our transportation industry that is chronically ill and approaching death.

Of course, reviving passenger service will take some money. But every transportation system we have costs money. This bill provides for the expenditures of $190 million over 4 years—the sum needed to rebuild or replace those passenger cars that will go out of service within those next 4 years.

Compared to the resources devoted to other less efficient and highly overcrowded modes of travel, this is very little money. The President has asked for $5 billion to spend on airports. By 1972, $56 billion will have been spent upon the Interstate System. But in many areas of the country, the roads and airways are incapable of handling intercity traffic. Shall we continue to pour more money into the same programs, or shall we move to a policy of balance and efficiency?

I believe I have given as much effort as any Senator to cutting waste in our budget and in delaying unessential expenditures until after the Vietnam war ends. But I feel certain that if we wait too long to revive our rail passenger service, there will be nothing left but history. We must act now in order to save money later, when the cost of reviving dead rail passenger service will be prohibitive. We must act to achieve

a balanced transportation policy. We must act now or this Nation shall pay for decades with distorted, inadequate, and inefficient transportation.

I would like to add one comment on S. 2939—I am considering some minor amendments to this bill as it is now written. Some people who will be affected by this legislation have expressed concern over some of its provisions, and I hope and believe we can write some language that will adequately protect the interests of those people involved without causing undue restrictiveness in the Secretary of Transportation's authority.

Senator HARTKE. Next is Senator Williams. Good morning Senator.

STATEMENT OF HON. HARRISON A. WILLIAMS, JR., U.S. SENATOR FROM NEW JERSEY

Senator WILLIAMS. Mr. Chairman, I am pleased to have this opportunity to address your subcommittee as it examines the critical problems facing America's railroads. Your strong and effective leadership in this area should be a model for our own activities, and I welcome the chance to work with you on this problem.

I am the sponsor of S. 674, a bill to amend section 13a of the Interstate Commerce Act so as to direct the Interstate Commerce Commission to consider all possible financial assistance for a rail line before allowing it to discontinue service. I have also introduced legislation to provide operating subsidies; a bill to establish a transit trust fund for the comprehensive funding of transit programs; and finally, I am a cosponsor of Senator Tydings' bill which would allow the Department of Transportation to buy rail equipment, lease it to the lines, and rehabilitate it for extended use.

I mention these bills because I want to make it clear from the start that my goal is more effective, more economical, and more responsive railroad service—through whatever means Congress or the administration can provide.

This is a comprehensive and complex goal, and one which should command the attention of the railroads, the riding public, and the Federal Government. At its base, the question you are examining today is really this: Is it possible to keep the passenger trains running? Is it desirable to keep them running? And, if it is found to be both possible and desirable, who must shoulder the first-line responsibility?

The September 23 edition of the Washington Post contained an editorial which accurately summarized the challenge to your subcommittee, and in a larger sense, to the Congress itself. I ask permission, Mr. Chairman, to have the Post editorial, "The Fate of the Passenger Train," inserted in the hearing record at this time.

As the Post suggested, rail service has played such a major part in the expansion and development of modern America that it cannot be allowed to die without a long, critical appraisal of its future.

At the present time, however, few are ready—or able—to help the railroads take that kind of self-appraising survey. The recent ruling by the Interstate Commerce Commission that it does not have the authority to enforce passenger service minimums removes, at least for the time being, that agency from the arena.

The railroads themselves have said that the ICC's optimistic reports in the past few years are nonsense, or worse, and that there is simply no money in passenger service. Finally, the Congress has not yet seen fit to exercise its representation of the riding public, and has taken no action to remedy the impasse.

We are becalmed over railroad passenger service, and it is time to get moving again. Let us choose from among the several alternatives open to us, but for the sake of the traveling public, let us choose—and then get on with the tasks at hand.

We need to find enough sources of revenue, public and private, to keep the railroads running.

We need to provide the ICC with whatever tools it needs to do its job intelligently, aggressively, and promptly.

We need to recommit Government funds to the business of moving people over the rails with at least as much zeal as we have devoted to moving them over the highways.

And finally, or perhaps more accurately as a precedent to all the rest, we need to answer the basic questions about rail passenger service: Can it work? How will we make it work?

Mr. Chairman, I salute you for your willingness to grapple with these matters, and for your diligence in searching out the answers to the hard questions. I pledge my strong and continuing support to legislation which will shore up the rail lines, tighten up the guidelines under which they can abandon passenger service, beef up financial support for that service, and pick up the tempo of American railroading.

Thank you, Mr. Chairman.

(The article follows:)

[From the Washington Post, Sept. 23, 1969]

THE FATE OF THE PASSENGER TRAIN

The hearings that begin today on Capitol Hill into railroad passenger service come at an appropriate time. The long distance passenger train is about to disappear from the country and a recent decision of the Interstate Commerce Commission makes it clear that unless Congress acts (or the courts reverse the decision) there will be no longhaul passenger trains within five years or so.

It may be, as many railroad executives contend, that the passenger train is a relic of an era that has ended except for its usefulness on commuter runs and in corridors of extremely heavy population like Washington-New York-Boston. But the railroads have had such a major role in the transportation of people in this country and still have so large a role in older countries—England and Japan come to mind—that they must not be allowed to withdraw from the field by default. Nevertheless, that is what is happening. The railroads have decided passenger service is uneconomic and should be abandoned; the states are unable to stop the degradation of service; and the ICC has ruled that it lacks authority to act.

The real question and the one to which the Senate Surface Transportation Subcommittee should first direct itself, is whether passenger service is worth saving. The first step that is needed is a serious study, perhaps by the Department of Transportation and the ICC, of whatever potential may exist for a modern system of passenger trains.

A study of that type might show there is no real future for such trains, in which case Congress would have to decide whether it is in the national interest to subsidize them and keep them alive. Or it might show that with faster schedules, more realistic labor practices, cheaper methods of transporting the automobiles of vacationing families, and other changes a revival of traveling by train could be engineered. In either event, Congress ought to study seriously the feasibility of turning the entire passenger train business over to a Comsat or TVA type

operation. It seems to make little sense for the government to subsidize the existing trains or to underwrite the purchase of new equipment for them as the railroads are now asking.

Senator HARTKE. We will now hear from Congressman Brock Adams, the distinguished Representative from the State of Washington. We welcome you Congressman Adams.

STATEMENT OF HON. BROCK ADAMS, U.S. REPRESENTATIVE FROM WASHINGTON

Mr. ADAMS. Thank you very much, Senator.

I appreciate very much being able to appear before the committee this morning. I have distributed copies of my statement, so it will be available for the record and I would ask Senator Hartke that perhaps it could be included in the record, and then I can summarize it to save the committee's time.

Senator HARTKE. The entire statement will appear in the record and you can cover orally such portions as you think the committee should hear.

Mr. ADAMS. Senator Hartke, and members of the committee, the reason I appear here this morning is so the Senate may be informed of the activities we are pursuing in the House on this very pertinent subject of both the Sunset Limited case and two other aspects, both the discontinuances and the production of some type of Government subsidy to maintain at least a minimum rail service within the United States. And we are very grateful that the committee, the Senate committee is taking up this matter at the present time.

We have over 70 cosponsors in the House at the present time in a bill to give authority to the ICC to set rail passenger standards. From the 7-to-2 decision in Sunset Limited they believed they did not have this authority.

I have in my statement a background going back to the original ICC Act of February 4, 1887, and later the Scofield decision in 1904 on transportation of fruit, and then the passage of the Hepburn bill in the 59th Congress, all of which indicates to me that the ICC was to be given the complete authority to not only establish and regulate rates, but to regulate standards of service. Many of us felt that this power existed there.

Since the ICC has determined that they do not believe they have the power, we have introduced this bill and I am hopeful that a bill of similar nature will move in the Senate.

We have done one more thing in our bill: It appears in my statement and I will go through these parts, because they are the activating part of the legislation.

It has been my position that the ICC has always had sufficient power to set standards for rail passenger service. But last month the ICC majority said they did not have the power to set standards for adequate service.

In order to remove this doubt, I have introduced H.R. 13832, which authorizes the ICC to set standards for adequate rail passenger service. More than 70 Members of the House have joined with me as cosponsors of this legislation. We will have a special order today to discuss it.

If this legislation is passed, there should no longer be any doubt

that it is the intent of Congress that the ICC should regulate the railroads in such a way that the public will have safe, clean, efficient, and speedy alternative modes of intercity transportation.

This bill would give the ICC the authority to set standards for adequate rail passenger service by amending section 1(4) so that the carrier would have an explicit duty to provide and furnish adequate transportation for both property and passengers. The section at the present time refers only to property and so there would be no question under that; we have added passengers.

Section 12(1) would also be amended so there would be no question as to whether the ICC has the power to enforce a duty placed on the carrier by section 1(4). There has been a theory advanced that this is a common law duty and common law right and therefore the individuals have to enforce it by themselves through suits. We want to make it very clear that the regulatory body has this power also. These amendments would fill the jurisdictional gaps that are said to presently exist.

There is one additional part which I would open up to the committee and hope they might consider, and that is amendment of section 3(5), which would authorize the ICC to require railroads to share trackage.

Now, the law, as it presently stands, has this provision for a reasonable distance outside of a terminal. We believe the ICC should have the additional power to require certain passenger trains to run over another carrier's track at any place en route. I think this is necessary if we are going to produce an integrated rail transportation system.

Senator HARTKE. Congressman Adams, let me interrupt you there. Your comments bring to mind something which I have been discussing with some people at length. That is the question of track ownership. The proposition is frequently made that the railroads have to carry the burden of maintaining and owning track and paying taxes on that property. But the trucks have the highways, and airplanes have the airways and all have assistance from the Federal Government as far as facilities are concerned. Water transportation has accessibility to the free waterways.

What would be your view of a proposal that the Government acquire all of the rights-of-way and then allocate the utilization of the right-of-way among the railroads as application is made for it? This would permit the sharing of the tracks, thereby eliminating some of the duplication.

Mr. ADAMS. I think the proposition has a great deal of merit. I think it has to be divided into three separate categories of railroad service.

One, the land grant railroads who receive significant sections across the country and have received great assets from the Government already. I think it should be looked at very carefully, the degree to which the Government pays them for right-of-way which was given to them.

Senator HARTKE. Reacquisition?

Mr. ADAMS. Yes, we ought to have some reacquisition rights.

The second is, I think this should be done particularly on routes where passenger train service and actually the route itself has been abandoned, like between Boston and New York, where you are routing freight and all traffic now out away from the coast and some of the original lines that were passenger lines, have simply been abandoned.

The Government could well obtain these and lease them back.

Senator HARTKE. Yes, these corridors are extremely valuable. Ultimately to reacquire them as right-of-way or rail service or even for highway purposes is going to be extremely expensive to some governmental body, whether it happens to be the Federal Government or the State or a local community. To maintain that before it becomes densely built up and used for purposes other than right-of-way, it seems to me would be a very commendable step forward.

Mr. ADAMS. I think this is a vital emergency step, because throughout the country these rights-of-way are being broken up and sold for residential purposes. In intercity trade, particularly the so-called triangle, Chicago-Boston-Washington and the cities in between, we are going to have to have three modes of transportation, the airplane, the automobile and the rail. We cannot handle any more air traffic with our present problem. We cannot handle any more automobile traffic as it is now you can't do anything with the automobile once you get it into New York or Boston, and therefore, we have to have rail transportation.

I think we have to acquire the rights-of-way or be certain the rights-of-way are maintained between these links, or as you very well point out, we will be involved with an incredible expense of condemnation or trying to replace them.

The final thing that I would say is, to me this is a three-pronged problem, and all three parts have to be considered.

The first one we are discussing today, is to give the ICC the power to require adequate train service.

The second thing is to provide some type of assistance to the passenger train operation, either by obtaining the rail beds, as you mention, or Senator Tydings, and I have introduced a bill which would provide a government pool of passenger cars. These could be leased to the railroads on a basis whereby passenger cars would be replaced.

And the third part of this program is to reexamine the discontinuance legislation, which I know you remember was passed in 1958, so we could take the burden of uneconomic runs. But what has happened, and I picked up the statistics just today on it, is that in 1958 we had 1,448 passenger trains. 12 months ago, this had dropped to 580. It is now down to 513.

We have been discussing legislation in the House, and I hope the Senate is also, of changing the discontinuance legislation to at least say that on the last train between two points, you would have different standards applying. If necessary we should give legislative instructions to the ICC to say no more discontinuances for a moratorium period until we can establish this.

To me those are the three things that I would offer to the committee as the legislative proposals that I think we must consider on an emergency basis.

If we do not, the rail net will fail and just as you have so very well pointed out, in 10 years or less, we will have to go back and reacquire it.

Now, whether you are going to put in cement strips with a hovercraft, or whether you are going to put in a vacuum tube lightweight whistle system, or whether you are going to put steel on steel on rub-

ber on concrete, there must be a mass surface transportation system between the major metropolitan areas.

That is what our people have a right to expect, and I think that we have to work on it today.

(The statement follows.)

STATEMENT OF HON. BROCK ADAMS, U.S. REPRESENTATIVE FROM WASHINGTON

The debate over the quantity and quality of intercity rail passenger service has been building up a head of steam for some time. The recent decision by the Interstate Commerce Committee in the *Sunset Limited—Adequacies* case has placed the whole matter before the Congress for determination.

I would like first of all to review a portion of the history of the Interstate Commerce Act. The point of this short review is to re-emphasize my position that the ICC has always had the authority to set standards for adequate rail passenger service.

It is clear from a reading of the very words of the Act that the carrier is required to both "provide" and "furnish" transportation.

There are no words in the Act that existing ownership and control is a prerequisite to the carriers' duty to provide and furnish service. From the explicit words of the Act, it would seem to follow that if a reasonable request is made for cars and the carrier does not possess them, it must acquire them.

The original Act to Regulate Commerce of February 4, 1887, C. 104, 24 Stat. 379, provided simply that:

The term railroad as used in this act shall include all bridges and ferries and the term transportation shall include all instrumentalities of shipment or carriage.

In interpreting the Act, the ICC in 1888 in *Scofield v. Lake Shore Ry. Co.*, 2 ICC 90, and again in 1904 in *Re Transportation of Fruit*, 10 ICC 360, ruled that although there was a common law obligation to furnish oil tank cars, the Act of 1887 neither imposed this obligation nor empowered the ICC to enforce it.

With that attitude of the ICC in mind, the Congress passed the Hepburn Act of 1906 and specifically added "cars" to the definition and imposed a duty to furnish them.

The Hepburn Act was the culmination of a long popular agitation in favor of increased control over the railroads. It was argued in the public debate that if a railroad could provide adequate trains for some communities and not for others, the railroad could stifle the growth of some cities in favor of others.

Upon introducing the Hepburn bill, Congressman Townsend said (Cong. Record, 59th Cong. 1st Sess., Vol. 40, Pt. 2, pp. 1764, 1765):

The measure which passed the House last session was believed to cover all the facilities of transportation, but inasmuch as some gentlemen contended that it did not, we have endeavored in the present bill to use such language as will take the matter out of real doubt. To that end we have declared that cars, vehicles, insrumentalities of shipment or carriage * * * shall be considered as being furnished by the carrier, and therefore under the supervision of the Interstate Commerce Commission.

Mr. Davidson stated on the floor: (id. pp. 2103–2104)

Enact this measure and all the practices of * * * auxiliary companies, as well as those of the carriers themselves will be subject to regulation and control by the Commission.

If there remained any doubt that Congress intended the ICC should regulate the quality of rail service, it should have been cleared up in 1910. Section 15 of the Act was amended in 1910 by striking out the words "affecting such rates" and gave the Commission power to set what regulation or practice in respect to trains is just, fair and reasonable—whether or not such practices directly affect rates. The Commission by the statute had the power to make an order that the carrier shall cease and desist from such violation, and the carrier shall conform to the regulation or practice prescribed.

In the mind of the Congress, the extent of the power already conferred on the ICC apparently was not thoroughly appreciated by the ICC. And it was deemed so important to secure effective provisions for adequate service that in the amendment of 1910 it was proposed to make the legislative declaration of the carriers' duties to render reasonable service all-embracing and to put beyond reasonable question the power of the Commission to compel such service.

The report of the Committee on Interstate and Foreign Commerce on April 1, 1910, recommended the bill to amend the Interstate Commerce Act (H.R. 17536, House Report No. 923, 61st Congress, 2nd Sess. stating (P. 10):

Section 9 of the bill proposes to amend section 15 of the Act to regulate commerce. Section 15 of the Act is the section under which orders of the Commission in regard to rates are now made. Under provisions of section 15, as it now stands, the authority of the Commission to enter an order is confined to the subject matter of rates for transportation and regulations or practices "affecting such rates" and the establishment of through routes where "no reasonable or satisfactory through route exists." As recommended to be amended by your committee, section 15 of the present law will have its scope largely increased, and the jurisdiction of the Commission will be much enlarged.

Under the section as reported, the Commission is given jurisdiction to enter orders not only in regard to rates, but also in regard to classifications, regulations, or practices, whether they affect rates or not, and to determine what are proper classifications, regulations, and practices, in addition to rates and to require the carriers not only to follow the rate which may be fixed by the order of the Commission, but also to adopt the classification and conform to and establish, observe, and enforce the regulation or practice prescribed by the Commission.

On the floor Congressman Mann stated: (Cong. Rec. 61st Cong., 2nd Sess., Vol. 45, pt. 5, p. 4573)

We have conferred upon the Interstate Commission the broadest kind of powers now so far as railway rates are concerned, and we are proposing in this bill to greatly enlarge their power by giving them the same power over classifications, regulations, and practices which they now have over rates.

It has been my position that the I.C.C. has always had sufficient power to set standards for rail passenger service. Last month the I.C.C. majority said they did not have the power to set standards for adequate service. In order to remove this doubt, I have introduced H.R. 13832 which authorizes the I.C.C. to set standards for adequate rail passenger service. More than 70 members of the House have joined with me as co-sponsors of this legislation.

If this legislation is passed there should no longer be any doubt that it is the intent of Congress that the I.C.C. should regulate the railroads in such a way that the public will have a safe, clean, efficient, and speedy alternative mode of intercity transportation. This bill would give the I.C.C. authority to set standards for adequate rail passenger service by amending section 1(4) so that the carrier would have an explicit duty to provide and furnish adequate transportation for both property and passengers. Section 12(1) would also be amended so that there would be no question as to whether the I.C.C. has the power to enforce a duty placed on the carrier by section 1(4).

These amendments should fill the jurisdictional gaps which the I.C.C. thought existed when the Commission issued the Sunset Limited-Adequacies decision. In addition to the amendments just mentioned, the bill would authorize the I.C.C. to require adequate facilities for the handling of through car service. In my mind, as I have already mentioned, the I.C.C. was vested with these powers from the earliest days of its creation. However, since the I.C.C. has taken a contrary view, legislation is our recourse.

The only part of H.R. 13832 which I believe contains a new grant of power to the I.C.C. is the amendment of section 3(5). This amendment to the Interstate Commerce Act would authorize the I.C.C. to require railroads to share trackage. The law as it stands now has provision for the sharing of trackage for a reasonable distance outside a terminal. The amendment would delete that phrase and leave the I.C.C. free to require certain passenger trains to move over another carrier's track any place on the route. I think this provision is necessary if we are to have an integrated rail passenger system.

In the last ten years, the number of regular intercity passenger trains has declined more than 60% from the 1448 trains operated in 1958. Fourteen railroads have abandoned intercity service altogether. In the last twelve months the number of intercity trains has dropped from 580 to 513. Over this period of time the railroad industry has made virtually no investment in new passenger equipment and the quality of service has dipped to an all time low.

The I.C.C. noted in its 1968 report that

It is becoming evident, however, that much of the service is deteriorating in quality, and, in some instances, that a purposeful downgrading of service may be taking place.

Our bill, H.R. 13832, will enable the I.C.C. to put a stop to the practice of deliberately downgrading passenger service in order to drive away passengers.

However, if we are really interested in saving rail passenger service, a bill to set standards is not enough. With the railroad industry in its present capital position, it would be unfair to the public to set standards that the industry could not achieve. The government and industry must join together to provide the capital assistance necessary to get the public back on the trains. With this in mind, on August 6, 1969, along with 17 other Members of the House, I introduced the Intercity Rail Passenger Service Act. This bill has also been introduced in the Senate by Senator Joseph Tydings and 11 other Senators. The Adams-Tydings bill would provide a pool of passenger cars in the Department of Transportation. These cars would then be leased back to the carriers. The Department of Transportation would be authorized to rehabilitate existing cars and purchase new ones. The day to day maintenance of these rehabilitated cars will be done as usual in the shops of the carriers' yards. Major rehabilitation of the cars will also be done so far as is possible in the carriers' shops. In the long run, the major benefit to the railroads will be the acquisition of new equipment, hopefully high-speed passenger locomotives and cars.

The authorization level in the Adams-Tydings bill is $195,000,000 over a period to end June 30, 1973. The bill also establishes a fund into which both general funds and lease payments from the carriers will be placed. This fund will be used to purchase and rehabilitate railroad passenger equipment.

If the Congress gives the I.C.C. the authority to set standards for adequate passenger service, and if we accept the responsibility of working with the railroad industry in providing capital assistance, we will have gone a long way toward reversing the rush to discontinuance. I want to touch only briefly on the problem of discontinuance because I believe first of all that our assumption should be that rail passenger service will continue, not disappear. There is no sense in requiring trains to run when there are no passengers. But I think our attention should be directed at the problem of getting passengers back on the railroads and not at new and better methods of discontinuing service.

The approach that I have suggested is a three-pronged one. First, there must be a showing of clear Congressional intent that the I.C.C. is to set standards for adequate rail passenger service. Secondly, the Congress must act together with the industry to provide the capital assistance necessary for adequate service. And thirdly, we must review our attitude and legislation on passenger train discontinuance.

Good rail passenger service is imperative if we are to have a balanced transportation program. Highways and airplanes cannot handle the entire load. The public needs an alternative mode of intercity transportation.

Senator HARTKE. Congressman, would you include in that possibility, the use of a hovercraft over water?

Mr. ADAMS. Absolutely.

Senator HARTKE. I can see one perhaps going along the east coast, for example—or one along the west coast—I don't know the extent of the financial benefits derived from the hovercraft in England, but they have been using it quite successfully.

I have somewhat of an interest in better transportation around the Lake Michigan area. If the speed as I have calculated it is correct, you could travel by hovercraft from Michigan City, Indiana to Chicago, the downtown loop section, in about 20 minutes, whereas at the present time it takes you roughly, if you go on the train, an hour to an hour and a half to make that same distance.

This is quite a savings in time. It certainly could be a savings in time if it were provided along the east coast, and some of the other major metropolitan areas.

Mr. ADAMS. I agree. I think the experience of both the Scandinavians and the British and the French, their hovercraft operations, or their hydrofoil operations across the channel is a fantastic thing to behold. It has changed their whole system.

Senator HARTKE. Thank you very much.

Senator Cannon?

Senator CANNON. No questions.

Senator HARTKE. Thank you Congressman, for a very valuable contribution.

Mr. ADAMS. Thank you.

Senator HARTKE. We will proceed with the Chairman of the Interstate Commerce Commission, Hon. Virginia Mae Brown.

We are always delighted to see the members of the Interstate Commerce Commission, those of the minority, and those of the majority.

STATEMENT OF HON. VIRGINIA MAE BROWN, CHAIRMAN, INTERSTATE COMMERCE COMMISSION, ACCOMPANIED BY GEORGE STAFFORD, VICE CHAIRMAN; DALE W. HARDIN, COMMISSIONER; KENNETH H. TUGGLE, COMMISSIONER, DIVISION THREE; RUPERT L. MURPHY, COMMISSIONER, DIVISION ONE; PAUL J. TIERNEY, COMMISSIONER; AND FRITZ R. KAHN, ACTING GENERAL COUNSEL

Mrs. BROWN. Mr. Chairman, I have with me several Commissioners this morning. I would like to tell you who they are.

Senator HARTKE. All right.

Mrs. BROWN. I have with me my legislative committee, Vice Chairman Stafford and Commissioner Hardin; Commissioner Tuggle is Chairman of Division Three of the Commission; Commissioner Murphy, who is seated there on the front seat, is Chairman of Division One. Commissioner Tierney was to attend. I believe that we have with us our Acting General Counsel, Fritz R. Kahn, who is seated at the end here.

I believe that will take care of the introductions of the Commissioners.

Mr. Chairman and members of the subcommittee, I am pleased to appear today to present our views on legislation in an area of vital concern to the public and each of us interested in transportation. We appreciate the opportunity to be here and testify in support of our recommendations made last year in our report on intercity rail passenger service in 1968. Following submission of our report, S. 3861 was introduced to implement the legislative recommendations we made. On September 9, 1969, we renewed those recommendations and S. 2887 was introduced to implement them on September 10, 1969.

The provisions of this bill are identical to those of S. 3861, on which hearings were held last year by the full committee. The Commission appeared in support of S. 3861 and testified as to the specific changes it would make in the act. Rather than repeat these comments here today, I have prepared them for the record as an appendix to my testimony.

When we appeared last year, there were approximately 590 intercity passenger trains in operation. We said then that the hour was late. Today, the hour is even later. There are less than 500 such trains in operation, and about 60 of these have been proposed for discontinuance.

Our report in 1968 underscored the marked reduction in passenger train service throughout the Nation. Our report on the investigation

of costs of intercity passenger service submitted in July 1969 indicates the heavy financial burden even the remaining trains have on the carriers. Each member of the committee was previously furnished with copies of these reports and I will not recite in detail their contents. I believe you gentlemen have been made only to vividly aware of the changing pattern of rail passenger service by the public whose views are made known daily in increasing numbers whenever a discontinuance is proposed. They seek a change in policy—we seek a change in policy—the carriers now seek a change in policy. The only question is what that change shall be.

We believe that enactment of S. 2887 is needed and needed now. While the proposal is not a complete solution to the intercity rail passenger situation, it does provide needed changes in section 13a. The study of railroad passenger service it authorizes is a preliminary step so that all may intelligently assess the problem found to exist and then move on to a solution. Only with the knowledge which we are convinced will be gained from the study will we be in a position to deal effectively with the problem.

It is appropriate here to compare S. 2887 with other proposals touching on the rail passenger problem which have been introduced in the Senate thus far in the present session. For example, Senate Concurrent Resolution 32 and Senate Joint Resolution 120 also call for a study of rail passenger service in one form or another. We have supported similar bills in the past, except insofar as they would impose a moratorium on either discontinuances of passenger trains or approval of rail mergers. Section 2 of S. 2887, in which we propose a study, was patterned after such bills.

We oppose a moratorium during the period of study on either discontinuances or mergers because we find neither justification for withholding the benefits of a merger to the public or the carrier, nor for requiring wholesale continuance of all passenger trains, considering that some of them may not be required and also unprofitable to the carriers. However, we recognize that during the period of the study important segments of the intercity rail network may be in jeopardy. It is for that very reason that we propose new procedures governing the treatment of last trains in S. 2887.

S.J. Res. 129 would establish an Advisory Commission on Federal Railroad Service composed of 15 members, consisting of three Senators appointed by the President of the Senate, three Representatives appointed by the Speaker, and nine others appointed by the President. The Advisory Commission would conduct a study and make recommendations with regard to the property and equipment of the Nation's railroads and the operations required to provide an efficient passenger service. With respect to the proposed study, this bill is in accord with our own views on the matter and the high priority we attach to it. However, we believe that such a study should be conducted by an existing body with not only experience but continuing responsibility in the field of transportation, such as the Department of Transportation. We feel that a study conducted by such a body will produce the most meaningful data and in the most efficient and economical manner. Further, the Department, if it conducts the study as we recommend, and as a continuing organization, would be in a position in the future to implement any recommendations that were appropriate to its obligations and responsibilities.

S. 2750 offers one possible method of relieving the rail passenger crisis by providing Federal financial assistance to continue needed railroad passenger train service found to be rendered at an operating loss. The bill would amend section 13a of the act in the following manner. Subsection (1) would be modified by the deletion of the clause "and will not unduly burden interstate or foreign commerce" so that the Commission, after investigation, may order the continuance or restoration of operation or service of an interstate train upon simply finding that such operation or service "is required by public convenience and necessity."

A new subsection (2) would be added to provide for payment by the Federal Government to a railroad ordered to continue or restore the operation or service of a train under subsection (1) the cost of such operation or service to the extent that it exceeds the revenue therefrom. The subsection would define cost as meaning "those expenditures made or incurred in or attributable to the operation of such train or ferry, plus an appropriate allocation of common expenses and overheads."

A new subsection (3) would authorize the Secretary of the Treasury to make the disbursement contemplated by the new subsection (2).

A new subsection (4) would provide that, if compliance by a railroad with an order entered pursuant to subsection (1) would require "the use of passenger train equipment not then owned * * * and reasonably available for such use," the railroad may apply to the Secretary of Transportation for such needed equipment, and the Secretary is authorized to procure and, in turn, to lease whatever passenger train equipment may be required. The rental charge assessed by the Secretary for the use of such passenger train equipment could constitute a cost to the carrier.

The presently numbered subsection (2) would be renumbered (5). The words "and undue" would be deleted so that the Commission, after investigation, would be empowered to authorize the discontinuance of an intrastate train upon a finding that the public convenience and necessity permitted it and that continued operation or service would constitute "an unjust burden upon the interstate operations of such carrier or carriers or upon interstate commerce."

When we submitted our 1969 report on costs, we noted that Government subsidies or other forms of substantial Federal aid may well be necessary to continue operation of intercity passenger trains. We stated also, "Should the public need for such service warrant retention of these trains that cannot be operated without significant losses, we would support a program of Federal aid to the carriers. The first step, however, is to find out what service the public needs and how much that level of service would cost." That continues to be our view, and for that reason we urge that the study we recommend be undertaken before any consideration is given to the specific type or manner of Federal assistance. We believe S. 2750 is significant in indicating a means of aiding the carriers in meeting the passenger problem but we also believe it is premature to embark on it without knowing the full cost entailed that only a study can show.

We also wish to point out that we have doubts whether any program as set forth in S. 2750 should be accomplished by an amendment to section 13a. The need to seek discontinuance of a train prior to obtaining assistance would likely result in a flood of notices to the Com-

mission, and we are not convinced, at this time, that every passenger train ordered to be continued in operation under section 13a would properly be the subject of Federal financial assistance such as that proposed in the bill. It would apply, for example, to all interstate service irrespective of whether it would be a purely local nature or involves the performance of long-distance intercity travel. It would also apply to trains ordered to be continued where no operating loss was shown—only declining revenues—but which thereafter incurred an operating deficit. In such a case the carrier would have little incentive to make the service pay if the Government is required to pick up the tab. Furthermore, it may not be enough to simply deal with trains presently in operation, as the public may require restoration of trains previously discontinued. S. 2750 makes no provision for this possibility, and we believe the overall objectives of this bill would be better achieved as part of a restructuring of the Nation's rail passenger service. Such a restructuring should, of course, include the Department of Transportation, and, we feel, considering the reasons for establishment of the Department, that the rendering of assistance as proposed here is the type of promotional program particularly within the province of the Department to administer. This would also avoid any possible charge of conflict between our regulatory functions and what would essentially be a promotional function.

In addition, the bill fails to specify criteria for measuring operating results on the subject trains, and, likewise, does not direct the Commission to specify them. Absent also is a definition of the terms "common expenses" and "overheads." Since any move by the Federal Government toward financial assistance, as S. 2750 provides, is a departure from past policy, we believe the exact formula and all relevant considerations must be set forth in a precise and unmistakable manner. One final point, the major thrust of this bill in providing assistance, namely for operating expenses, is fully supported by our investigation of costs which showed that this is the area of immediate carrier needs.

I would also like to make comments on two other matters today providing amendments to section 13a. S. 674 would amend section 13a to require the Commission to give full consideration to all financial assistance available before permitting a train discontinuance or change. Since the Commission presently accords all possible recognition to the public assistance available to the railroad proposing the discontinuance, including that provided under the Urban Mass Transportation Act of 1964, we feel the amendment is unnecessary.

S. 2865 would amend section 13a to provide for the filing of an application on 40 days' notice by a carrier proposing discontinuance, with the burden placed on the carrier of establishing that the public convenience and necessity permits it and that the continued operation will cause an undue burden on interstate commerce. It would also provide for intrastate trains and authorize discontinuance only after full hearing and upon findings that the public convenience and necessity permits the discontinuance and that continued operations constitute an undue burden upon interstate operations of the carrier or interstate commerce. The bill also provides for judicial review of any Commission order entered pursuant to it.

The bill has several aspects that concern us. Although no public hearing on proposed interstate train discontinuances is required, such may be deceptive inasmuch as the bill provides for a finding that the public convenience and necessity supports the proposed discontinuance in an order dispensing with the hearing. Such finding must ordinarily have support in a record. Second, the bill provides the discontinuance will be subject to terms and conditions. The Commission seeks authority, as provided in S. 2887, to impose conditions on the operation of last trains. However, the nature of the terms and conditions in this bill are not spelled out, and for that reason we believe they should be clarified. Until modifications and such other changes and additions as may be necessary and desirable are made, we are unable to favor the "application" approach in S. 2865.

The hearings today and the bills on which I have just presented comments express more than words that concern all of us share about the serious state of present railroad passenger service. We believe the need for a new Federal policy in the area is clear. We believe such a new policy must be based on facts only a study of the Nation's rail passenger service as we have proposed can reveal. With such facts, we will be in a position to determine our course for the future.

Unless the first step is taken, and taken quickly, the opportunity may be lost forever. We made a similar statement last year. We now have 100 less trains providing service to the public than we had in mid-1968. We have about 60 others involved in discontinuance proceedings. If this trend continues, it seems clear that we are approaching the end of the tracks for the passenger train. It does not have to be that way. We strongly recommend enactment of S. 2887 and fully believe it will help prevent this from happening. We urge your favorable consideration of this bill.

(The appendix follows:)

APPENDIX

S. 2887 contains two sections. The changes made in section 13a by section 1 of this bill fall into the following major categories.

First, there are a number of procedural and minor jurisdictional changes in present section 13a(1) such as changing the notice from the present 30 days to 60 days, changing the time within which the Commission must complete its investigation and issue an order from four months to seven months with provision for an additional two months if required to dispose of a petition for reconsideration, and clarifying the Commission's jurisdiction over trains operated physically between points in two or more states or a point in a state and a point in a foreign country.

Second, S. 2887 also imposes the burden of proving that a train or trains is *not* required by the public convenience and necessity and that its continuance will unduly burden interstate and foreign commerce on the carriers. In response to objections to this provision made previously by the carriers and others, we have included a new sentence on lines 5–12 of page 4 of S. 2887 which requires the Commission to make specific findings in terms of the burden of proof and issue an order permitting discontinuance where it determines that carriers have met their burden of proof.

Third, S. 2887 incorporates our previous suggestions to deal with the problem of a carrier discontinuing a train before the expiration of the notice period. These suggestions include the insertion of the words "but not during" in line 13 of page 2 and the addition of the sentence beginning with "However" in lines 14–20 of page 3.

Fourth, it contains a new proposal for special handling of section 13a(1) cases which involve the last interstate train between two points. This provision is set forth in lines 18–25 of page 4, and lines 1–24 of page 5 of S. 2887. The provisions of S. 2887 would establish reasonable means to preserve the last rail

service by a particular carrier between a community now served by an interstate train and any other point served by that train where there is a real public need for that service. Any carrier proposing to eliminate its last remaining interstate service to a community would have to apply for such relief under section 13a and could not seek state relief as under the present law. Although some questions could arise as to what constitutes the "last train" between any two cities, these are essentially questions of fact which necessarily must be resolved in context of each particular proceeding. This bill would also grant the Commission jurisdiction to impose minimum standards for the quality of service provided by the "last train" in particular intercity services. Minimum standards refer to appropriate schedules, food services, sleeper and seating facilities, train consist, and other characteristics of a standard passenger service.

Fifth, lines 7–11, page 2 of S. 2887 provide for more adequate notice to all rail patrons of a particular train.

Sixth, S. 2887 makes a number of minor changes in section 13a(2) so as to make that section dealing with *intrastate* service conform to section 13a(1) in essential respects. Thus, for example, the present provisions of section 13a(2) require that the appropriate state commission or agency be given 180 days within which to act favorably on an intrastate train discontinuance which S. 2887 changes to seven months. This bill also changes section 13a(2) by subjecting petitions filed under that section to all of the procedural requirements such as burden of proof, judicial review, etc., of section 13a(1) except those provisions dealing wtih the "last train" which are intended to apply only to *interstate* passenger service.

Seventh, this bill contains the substance of our original recommendation to specifically provide for judicial review of all of the Commission's orders issued under either section 13a(1) or section 13a(2).

Section 2 of this bill provides for a one-year study of rail passenger service and related areas to be conducted by the Department of Transportation in Cooperation with the Commission and other interested Federal agencies and departments.

Senator HARTKE. Senator Moss?

Senator Moss. Thank you, Mr. Chairman. And thank you, Mrs. Brown, for a very fine statement and one that indicates the urgency of the problem and the need for some action now. I accept what you urge by way of a study. One thing I would like to ask, however, I think the bill that you recommend here, S. 2887, would provide for a study only of rail service countrywide. And I wonder what your opinion would be about including an overall study of all transportation including rail?

Mrs. BROWN. Senator Moss, I think our study would go beyond just rail passenger service and would extend to the movement of all people. I think that certainly is the best way to look at any service for the movement of people, whether we are looking at one or the other as of this time, which also your testimony went to.

Senator Moss. This is the point I was getting at. S.J. Res. 120 makes it clear that the study is to be of all means of transportation and another factor in this, with the growth of air travel and the congestion we have between Washington and New York City and New England, we have come now to the metroliner idea. Now it seems to me those two dovetail as to just how much congestion we can have in the air and perhaps on the highways with the number of vehicles we have now and even with the Interstate System of Highways, which is getting near completion, there are times when it is so jammed you hardly can travel on it. How all of these can be put together and whether they would then indicate that rail passenger service is essential and in fact in many instances much more convenient than either road transportation or air transportation or water transportation.

But your response is that the study contemplated in S. 2887 you think would be broader than just rail transportation?

Mrs. BROWN. Yes. Our immediate problem is certainly passenger train legislation or proposals. However, what we recommended was much broader than that and would contain the movement of people.

Senator Moss. And the other factor in a study would have to be of course a projection of our population growth looking down ahead 20 years from now. We may be talking about twice as many people as we have now.

Mrs. BROWN. The projections, which I don't make but I try to keep up with, certainly are that the movement of people will be greatly increased, as well as the movement of freight. I believe some of those were twice by 1980 for freight. I don't remember exactly on the movement of people. But in this country and in this world, as time goes on, people are going to travel more and more. We are traveling more than our fathers and mothers did. And I trust the generation beyond us will.

Senator Moss. The two are in direct conflict, the rail passenger service going down and the population and travel incidences are going up. They are contradictory.

Mrs. BROWN. I think there is a need for rail passenger service in this country.

Senator Moss. I happen to think so, too. Of course I come from a Western State and there are many that say those are long distances, the only way you will ever travel out there is by air. But at least I am not willing to accept that now. And I would like to have the study tell me whether there are going to be people that will indeed want to choose rail travel, enough people want to choose. I know some choose it even today. There are people who just prefer that type of transportation. But there numbers have declined, I must admit, for various reasons. But we ought to be able to make a projection as to what the demand will be in the years coming up provided we have adequate desirable service on the rails.

Mrs. BROWN. I believe that passenger service in this country is needed in regard to the defense of the country, too.

Senator Moss. That is another good point that I did not make in my statement, but the rails of course will be needed in times when other modes of transportation are not usable for any given reason, weather or a national emergency or something of that sort. If the passenger trains have disappeared, then we are deprived of a tool that we ought to have for transportation of our people under those conditions.

Mrs. BROWN. I think we meet here today knowing that the problem exists, that the railroads lose money on passenger service, speaking generally, but that the country needs passenger service.

Senator Moss. Well, I appreciate your testimony and I appreciate your urgency of the matter, saying that we need to get on with this now, we just can't continue to talk about it and not do anything. Thank you.

Mrs. BROWN. Thank you, Senator.

Senator HARTKE. Senator Cannon.

Senator CANNON. Thank you, Mr. Chairman. Do I correctly understand it then that you envision this study would encompass all forms of transportation, such as suggested in Senator Moss' resolution?

Mrs. BROWN. Yes, sir; all modes.

Senator CANNON. Do you think that this study would be as all-inclusive as it appears to be and could be completed within 1 year with a report back in that period?

Mrs. BROWN. Yes; I do.

Senator CANNON. Do you think the Department of Transportation has the resources at hand in-house to complete that, or would they have to come back to Congress for additional help?

Mrs. BROWN. Well, Senator, actually the hearings have been conducted and testimony given by the Department of Transportation, and I guess I am not here today to tell what the Department of Transportation can do. In our recommendations we say that the Department of Transportation or anywhere else that you deem it desirable. Actually the study is what is important, because that is going to determine the real need for service and if the Department of Transportation is not the proper one, which we have testified that we think it is, I don't know. Maybe, just speaking for me alone, maybe the ICC could do a study along these lines.

Senator CANNON. I think the Department of Transportation certainly would have the in-house capability perhaps more than any other agency.

Mrs. BROWN. Of course we have been the agency which has handled the discontinuance cases and the regulation of the railroads for many years. But we thought the Department of Transportation was the one to make the study and have so testified.

Senator CANNON. What about this last train situation? How would you propose to handle that during this interim period?

Mrs. BROWN. Well, the last train legislation is set up here as amendment to section 13(a) and when a notice was filed with the Interstate Commerce Commission regarding discontinuing a train, then you apply what we have set forth as amendment to 13(a) as the criteria for determining whether the last train goes off or not.

Senator CANNON. In the bill last year there was a question raised on the burden of proof. How do you get at the burden of proof in this situation?

Mrs. BROWN. Well, actually I think examination of the bill might show that for the last train it would be a heavier burden of proof than in the ordinary discontinuance case.

Senator CANNON. It would require a heavier burden and a clear finding that it was not in the public interest to discontinue it.

Mrs. BROWN. Yes. Actually the words of that 13(a) amendment that we propose leaves the discretion with the Commission that the burden of proof is not as heavy. Our Associate General Counsel is here, and if you would like the details on this, I would be glad for him to speak to it.

Senator CANNON. I would like to hear what he has to say on it.

Mrs. BROWN. This is the Acting General Counsel, Mr. Kahn.

Mr. KAHN. I am Fritz R. Kahn, Acting General Counsel of the ICC. As to the matter of burden of proof, this has not posed a problem for the Commission heretofore, even in the absence of express language. Under the provisions of section 13(a)(1), the railroad proponents of a proposed discontinuance have gone forward and have met the burden of proving that the continued operation of the trains

which they proposed to discontinue would impose a burden on interstate commerce or that the continuation of such trains would not be required by the public convenience and necessity. The Commission by its bill would make that specific and impose the burden of proof upon the railroads, and additionally it would require the proponents to prove both that the public convenience and necessity did not require the continued operation of the trains and that the continued operation of the trains would impose a burden on interstate commerce.

Senator CANNON. What about the problem of discontinuance during the notice period? Do you have a provision covering that?

Mrs. BROWN. The present law, Senator, provides that absent the order of the Commission the proponent railroad can discontinue the operation of the train subject to the Commission's ordering restitution of service upon a finding that the discontinuance neither is a burden upon interstate commerce nor would be required by the public convenience and necessity.

In other words, the present statutory scheme would permit discontinuance pending investigation. That scheme would be continued under the Commission's proposed amendments.

However, the Commission, instead of having simply 4 months within which to complete its investigation and make the requisite findings would have 7 months. The Commission believes that this additional period of time is required and will permit a more thorough investigation of the situation than the present statutory scheme permits.

Senator CANNON. In your proposal you say here, on the fourth line, "They may but shall not be required to file with the Commission and upon such filing shall mail to the Governor of each State" and so on. Why do you say they may but shall not be required?

Mr. KAHN. Under the statutory scheme, section 13(a)(1), as enacted by the Congress, the Commission has jurisdiction only, in effect, as a safety valve to guard against abuses by the States. Essentially the regulatory jurisdiction continues, as it always has, to reside with the States. It is only with respect to operations of trains which cannot be discontinued by the railroads because of State constitutional requirements, State statutes or the actions of State public utility commissions that section 13(a)(1) of the Interstate Commerce Act permits the railroads to invoke the jurisdiction of the Interstate Commerce Commission. So it is a permissive scheme that the Congress has enacted, that the Commission enforces.

Senator CANNON. Are you saying there that they could elect to come to you rather than being bound by the State regulatory agency?

Mr. KAHN. I am saying, sir, that they can come to us only where the State would otherwise preclude the discontinuance. In those instances, and I think there may be one or two States, Senator, that do not regulate passenger train operations at all, in those States the railroads under the statutory scheme are free to remove trains and need not come either to the State or to the Interstate Commerce Commission.

Senator CANNON. Then why, under those circumstances, why wouldn't it be better to have a mandatory requirement here that they file with the Commission?

Mr. KAHN. Essentially this is the scheme that one of the bills before

you would invoke, the application type of procedure. The Commission, as the chairman pointed out in her testimony, this year, as in years past, does not believe that this is desirable because it precludes the rapid action that the railroads encountering declining patronage and losses from operations require; it precludes their rapidly discontinuing trains in those circumstances.

Senator CANNON. Thank you, Mr. Chairman.

Senator HARTKE. Senator Pearson?

Senator PEARSON. Thank you, Mr. Chairman.

Mrs. Brown, I apologize and also to the Senator from Utah, I was at the appropriations hearings this morning.

Mrs. BROWN. That is all right, Senator.

Senator PEARSON. Just to go over perhaps some ground that has been covered, all of these proposals here submitted in various forms recommending a study gives rise in my mind once again to the question as to whether or not we do not at this time know enough to proceed on some substantive basis rather than rely once again upon a study of some sort for a period of 1 year, with or without some moratorium provision.

I am just struck by the fact that in the last 10 years the hearings before your Commission have allowed the discontinuance of 725 interstate passenger trains, 335 intrastate, and have turned down a considerable number of requests.

We have had our own studies, the oversight hearings, the July 17 report. There is an enormous amount of experience of the last 10 years in your Commission and in your very good reports submitted to us.

Even with a moratorium, I am just wondering if—I ask you to say it again, I heard your testimony—do you think we are without sufficient data really? Is it not collected? Don't we know what is needed? Haven't we a pretty good idea now about the kind of subsidy, if we are going to have one?

Mrs. BROWN. Well, as to the part about the study, I think first of all that this one word envisions many different things. I think there is a study that needs to be done because even though we have a lot of knowledge, not only ICC or the Congress but everybody in transportation, we still have not answered the one thing and that is where it is needed.

Now, if we knew where it was needed, which I think is a question that hasn't been answered now, then we could determine what is needed, we certainly have the Metroliner, an operation which is used by the public. We have other types of passenger trains which aren't used by the public. But I agree, as for me, I agree with you that the time for action is now. And I think that a study, though, as to what we actually need in this country—I am not talking about a long involved study—would be essential before we attempt to go further.

Senator PEARSON. I am not being too critical of the Department of Transportation. It is a new Department. But our experience as to the proper and timely submission of reports over the last 2 years has been a very discouraging thing. And I think Secretary Boyd had an enormous job down there putting together a Department and trying to meet these deadlines. But they were never met.

Perhaps I came up here from the wrong hearing. I was down in appropriations and we are trying to study about whether we are

going to rebuild the west front of the Capitol. I got the impression that the Capitol was going to fall down before we got through the study we are authorizing. It is just an ingrown suspicion with me of commissions' studies and reports.

Mrs. BROWN. I think I share that same feeling with you. I do think that it is time to act. I think that our testimony shows the urgency of it. I feel the urgency and I know that Congress feels the urgency of it.

Senator PEARSON. Let me ask you one last question. The bill that you endorse, it is an expression of the sense of the Congress that the ICC shall utilize those powers within the statutes under which you operate to do certain things. Do you—I assume you do from your endorsement—do you believe that preferable to an actual moratorium set forth by the Congress?

Mrs. BROWN. Well, the Commission has opposed the moratorium and we set forth the reasons in there. Actually I don't like to sit here as an individual and say to Congress "it is your problem" because I don't believe that. This problem is something that is for all of us, and I think to a certain degree that we all share the blame in regard to it. But we have to make up our minds whether or not to let the passenger service fade out or whether we are going to keep it, and it should be kept, and the amount of aid by the Government or somebody else, and as far as the needs are concerned, if the losses are there, the way we are going to determine them and carry through the aid.

Senator PEARSON. Thank you, Mr. Chairman.

Senator HARTKE. This morning President Nixon made an announcement that the present administration is going to proceed with the SST. He said "I have made a decision and we are going to proceed with the development and building of the SST to put us into the long distance rapid movement of people and freight with this new method."

Now that scheme is estimated to cost about a billion dollars for development. That is Uncle Sam's money, the taxpayers' money. And I think that private industry is going to put up maybe something less than one-fifth or maybe one-seventh of that amount, depending on whose figures you use.

This operational movement of people and cargo cannot be effective until, as I understand it, the year 1978. That is the target date. The prototype will not be ready until 1972.

Now they could have proceeded with another study. I recall when I was opposing the nomination of General McKee to be administrator of the FAA on other grounds, it was said that he was the only man, the only man in the whole United States of America who was capable of making sure we got the SST off the ground. He has come and gone and the SST is still not off the drawing boards, let alone off the ground. But if we can make such a decision, first to build the SST, second to go to Mars by 1978, don't you think that maybe we ought to be able to go from Indianapolis to Chicago before 1978.

Do we have a system of priorities? We are not just moving a few people according to this report of yours here. I want to even upgrade my own statistics in my opening statement to this extent: In 1968, 295.6 million, almost 300 million passengers moved over the rails in the United States. Almost 300 million passengers.

Now that included commuters as well as others. They traveled 13.3

billion miles. Two- thirds of these passenger miles, or nearly 9 billion, are still attributable to noncommuters.

So this is not just an insignificant factor. Where does movement of people in the United States as far as between cities and even intracity, where does that fit into the scheme of priorities in your opinion? Or has there ever been a program laid down?

Mrs. BROWN. Senator, I don't know whether anybody has set the priorities, I haven't seen a list of them as such. But maybe it is because I am in the field of transportation and most of us in this room are concerned with transportation, but history reveals and it is not going to only reveal in the past, it is going to take us right through this time and on beyond it, that transportation is the reason we have been able to do the other things that we have accomplished in this world.

And I feel that transportation of people and transportation of freight both are of high priority in this country.

Now, of course, I don't have an opportunity to set the priorities and as I say, maybe I am prejudiced in regard to transportation. But there is a great case to be made for it.

Senator HARTKE. Former Secretary of Health, Education, and Welfare, now a Senator from Connecticut, Mr. Ribicoff, comes to the conclusion that we are going to have economic and social chaos in our cities unless something is done about this problem of movement of people in and out of the cities, and between cities.

Mrs. BROWN. And what we traveled in miles as commuters several years ago has doubled or tripled. I think 75 miles several years ago was the big trip and not the commuter part.

Senator HARTKE. Yes. Well, that is what makes it very difficult for me to understand how you can come up with this paradoxial last sentence in the last paragraph of your statement, and that is that "unless a first step is taken"—of course you mean your first step and we are really saying up here our first step—"and taken quickly, the opportunity may be lost forever."

You said you made a similar statement last year, I agree with you. And this brings me to the question: Why wouldn't a moratorium in the meantime be a preferable course at least until such time as we have had an opportunity to either make a decision or not make a decision? That is, decide not to decide. After all, indecision in this case is no decision. I mean there isn't any middle ground left any more. It is either yes or no.

Mrs. BROWN. Senator, I simply could say to you that this statement represents the best judgment of the Commission.

Now, I, for one, if the Congress thought it was the proper thing to do, wanted to try the other, I think that the time for action is now, and I am willing to try anything.

Senator HARTKE. A sort of merry-go-round exists in that the railroads claim the passengers won't ride the trains. On the other hand you see the cartoons and we receive bitter complaints and comments that the railroads are providing poor service.

Frequently you do find people who travel by automobile coming in and complaining about the fact that passenger service is not available. So the railroads say the passengers are at fault, the passengers

say the railroads are at fault. But the net effect is that something has happened.

Now in the report Commissioner Tierney does make this statement, and let me quote him. This is from page 439 of the ICC adequacy study.

Senator PEARSON. Is that the minority report, Mr. Chairman?

Senator HARTKE. Yes, I am reading from Commissioner Tierney's remarks, the minority report. It says—

> In 1966 the Commission found the Southern Pacific had continued to discourage use of two of its trains. Five months later the Commission found the same carrier had been attempting to discourage travel. In 1968 we found that train service from Ogden to San Francisco was more likely to drive passengers away than to attract anyone.

Of course the majority came back with the opinion that it did not have the authority, as I understand it, to deal with the adequacy of service. Isn't that correct?

Mrs. BROWN. That is correct.

Senator HARTKE. Now in this majority report it is concluded that the absence of that authority should be corrected now. Is that correct?

Mrs. BROWN. Since I was a dissenter in the adequacy case, I am going to let Commissioner Tuggle speak to that.

Senator HARTKE. Fine; I am just trying to set the groundwork for what is going to be a rather embarrasing question, I think, but that is all right.

Mr. TUGGLE. Shoot.

Senator HARTKE. All right. Am I correct so far in saying that even though there was a finding here of no authority to deal with the adequacy of service, there was also in the statement and in the decision the statement that the Commission was now of the opinion that it should have the authority to deal with adequate service?

Mr. TUGGLE. That is correct. I think we have prepared a bill, I don't know whether it has reached the Senate or not, authorizing us to have that authority.

Senator HARTKE. This is some progress since 1960, right? A change of position of the Commission?

Mr. TUGGLE. No; We have had this case pending and it had to be resolved. I would say that the question of whether we would come here and seek additional authority was rather in limbo during that time, until the jurisdictional question was determined.

Senator HARTKE. What I am saying is not the question of whether you have the authority, I think that technically speaking you are correct, that this is a consistent position of the Commission, whether right or wrong. I mean I think it is a wrong decision, but that is neither here nor there. That is a difference of dissenters with the majority. What I am curious about is whether there has been a change of the Commission's position in regard to whether or not it should have the authority to deal with adequacy of service.

Mr. TUGGLE. We think we should have that authority.

Senator HARTKE. In other words, you want to be a sanitary engineer, now, right?

Mr. TUGGLE. No, sir.

Senator HARTKE. What I am coming back to and this is the point, on page 34 of the hearing on S. 3020 before the Surface Transportation Subcommittee of the Senate Commerce Committee, 86th Congress, second (1960); after raising some questions concerning this same

matter, said: "Would you as a general proposition"—this is the chairman of the committee talking, Chairman Magnuson—

Would you as a general proposition be opposed to the ICC being given some limited or modified authority or general authority that when a train is being operated, it would be operated under certain conditions of sanitation, comfort, operating schedules and adequate equipment?

The answer of Mr. Tuggle was: "This bill as we understand it"—and Senator Magnuson interrupted him and said—

Leaving the bill out, I am asking you if you are opposed to that kind of authority?

Mr. TUGGLE. Yes, we don't want to become sanitary engineers.

Mr. TUGGLE. That causes me no embarassment whatsoever.

Senator HARTKE. That is good.

Mr. TUGGLE. If you give me a minute, I will explain why.

Senator HARTKE. Fine; I am glad it didn't embarass you, because I don't like to embarrass people.

Mr. TUGGLE. I really get embarrassed easily, too.

At the hearings you refer to in 1960, Senator Smathers was chairman of the subcommittee which conducted those hearings. In the preliminary statement that he made when the hearings began he enumerated the different things that the bill was intended to cover. Some of which, I might add, we are still asking for as to time and the adjustment of the procedures.

One of the items he stated was this—

S. 3020 will introduce a new requirement that railroads under ICC supervision exert every reasonable effort to maintain sufficient passenger train service to meet the military and civil defense needs of the nation in time of emergency, and to maintain and furnish safe and adequate passenger train service to the public.

It was recognized by the Senate then that the Commission had no jurisdiction over the adequacy of passenger train service.

Now my answer to that question was entirely in regard to sanitation. We do not seek authority over sanitation. I have before me an abstract from the Code of Federal Regulations, title 42, Public Health, which defines the jurisdiction of the Surgeon General of the United States. It covers the areas of land and air conveyances, the equipment and operations of land and air conveyances and food on land and air conveyances and vessels. It applies to all land conveyances engaged in interstate commerce.

Let me read a half dozen of the subtopics under that.

The Surgeon General inspects service areas, inspects drainage, water equipment, disposal of human waste, disposal of garbage, he approves plans for sanitation equipment and facilities on trains, drinking utensils, towels, toilet articles, toilet and lavatory facilities, kitchens, pantries, food handling facilities. He is admonished to see that conveyances while in transit shall be kept clean.

It goes on with a number of items which the Surgeon General now has the responsibility. He makes a report to the Congress every year in which he shows he has made hundreds of such inspections.

Congress has already delegated that authority to the Public Health Service. And we don't want to get into sanitation.

I would say now, speaking for myself, as I said in 1960, we don't want to be sanitary engineers.

Senator HARTKE. Mr. Tuggle, I find it very difficult to come to that conclusion. I hate to read this entire testimony, but I got into that discussion, too, that day.

Let me take you back through what you said here. What I want to know is whether there is a change of attitude of the Commission in this regard. In other words, are we still dealing with sanitation, which we were not dealing with in those hearings.

In regard to your statement, certainly without inferring or expressing my opinion on what the distinguished chairman asked about or your answers, but the opinions you expressed, he asked if they were the opinions of the Commission or your personal opinion. And you answered "Well, as to whether we should prefer to not take on additional duties, I am speaking for myself."

"What is the opinion of the Commission on this matter?

"We don't want to get into any more administration functions.

"Is this your personal opinion?

"We haven't formally considered it.

"In other words, you are expressing your personal opinion?

"That is right.

"Your statement is that of the Commission?

"It is the opinion of the Commission."

And in answer to Senator Smathers you said the same thing, this was the whole question, and you said you didn't want any more additional administrative duties.

All I am trying to do is set the groundwork here, that you are not now fearful of taking on additional duties in the field of adequacy of service.

Mr. TUGGLE. The situation has deterioriated so much in recent years, we feel like we should have it.

Senator HARTKE. Fine. In other words, at this time, if the Congress were to pass a bill providing the Commission with control over adequacy of service the Commission would unanimously agree that it should have such duties. Is that right?

Mr. TUGGLE. Yes.

Senator HARTKE. Would that be a factor in your decision as to whether or not the service should be discontinued?

Mr. TUGGLE. Well——

Senator HARTKE. In other words, if you made a finding that the service was not adequate, and this was in fact a contributing cause to the lack of passengers utilizing the service, would you or yould you not consider that as one of the elements in making a determination?

Mr. TUGGLE. We would invoke that to get them to upgrade the service in the hope it would increase the patronage on the trains.

Senator HARTKE. Would you or would you not take that into consideration in regard to the continuance or discontinuance of the service?

Mr. TUGGLE. We do that now, Senator. Where we find evidence on the record that the carrier has been downgrading the service, we require the continuance of the train. We don't permit them to discontinue.

Senator HARTKE. Mrs. Brown, you can answer these questions or delegate them as you see fit.

As a result of your cost study, the ICC cost study, are there any im-

mediate benefits that can be derived? What can be done immediately? What benefits can we anticipate?

Mrs. BROWN. I noticed Commissioner Tierney back there. If he would like to come up here and answer the question, I would appreciate it.

Mr. TIERNEY. Mr. Chairman, that cost study as you may recall was requested by Senator Magnuson. I think the background is important in explaining what that cost study can and can not do.

As you know in June of last year we recommended various amendments to section 13a, and a study. After that time some controversy—and this has been constant—controversy came up as to whether or not the railroads were losing money in providing intercity passenger service. I want to emphasize we are talking about intercity passenger service as distinguished from commuter or corrider type passenger service.

The thrust of Senator Magnuson's request, which was concurred in by the Chairman Staggers of the House Convenience Committee, was since there is so much confusion, can we once and for all determine, if the railroads are losing or are not losing money in providing passenger service.

He wanted us to find out what were the net losses. And if there were net losses, what ways and means should be provided for making up the net losses.

As a result we conducted a study and it is a pilot study, in the sense that we studied eight carriers, which we felt were representative of the carriers in the United States who were providing intercity service.

We used what we termed an avoidable cost basis. In a sense that means it is in the event all of these carriers were to discontinue all intercity service today, what losses would be avoided.

As a result of the study we have found out as to those eight carriers that they could have avoided $118 million more in expenses than they would have lost in revenues had they not provided the service in 1968.

So in effect I think the thrust and the main thing that this study can provide is a benchmark hopefully to settle the controversy once and for all as to whether or not they are losing money in providing the service overall.

Now, as I say, that only provides information as to those eight carriers, but I think we can make reasonable projections as to all carriers in the United States providing intercity service, that they are losing money, or they could avoid a substantial amount of loss in the event they discontinued service.

Now we cannot, as a result of this study, say that "X" railroad would lose so much, because we would have to look into each individual railroad. The study in effect, and as Senator Magnuson said when he sent the request forward, the cost study was not one to eliminate the further broad study into intercity passenger service, but it was to serve as a means of getting into it, to eliminate controversy and for providing the committee with meaningful information in that area.

Senator HARTKE. Will this study affect the procedures which are used by the Commission in making its decisions concerning discontinuance of pasesnger trains?

Mr. TIERNEY. No, sir; because in effect in each of the cases we decide we are really using, we are deciding these cases on a avoidable cost basis. As a matter of fact, we have been most conservative,

I think, and that is what we have been doing in the individual cases.

Senator HARTKE. In other words, as far as you are concerned, the procedure used by the Commission prior to the time of this study and since the time of this study has been and is the avoidable cost formula; is that right,

Mr. TIERNEY. Conceivably it might be less than that, Sentaor, because in the avoidable cost, a problem with railroad costing is the joint costs. This is where all of the controversy is. In other words, there are certain costs which are attributable to both passenger and freight service. In this study which we made we attempted to the best of our ability in a refined fashion to determine the avoidable costs in that joint part which would be attributable to passenger service. Our staff went out and conducted studies to verify it.

Now in a passenger case, many times you will have obviously part of the joint costs which are attributable to passenger service and could be saved. But you have difficulty in separating them. In those instances, in the pasenger train cases, where there is a serious doubt as to whether or not they could be separated and we knew there were joint costs involved there, we would eliminte them. In other words, the determination in effect was against the railroads as far as the costs were concerned. I will admit our cost study is not perfect. I don't think it will ever be perfect, Senator. There is room for improvement, we are continuously conducting studies in these areas

All I am trying to emphasize is in this joint area, from a costing standpoint, there are complex problems in precisely separating them.

Senator HARTKE. Did this study provide any information which you can utilize in future procedures for discontinuance, any new material that heretofore had not been used, new procedures, new formulas?

Mr. TIERNEY. I think there are areas where we can. I think there are areas that will permit us to arrive at it more precisely.

Senator HARTKE. Could you either now or for the record identify those areas?

Mr. TIERNEY. I will, sir. I prefer to do it for the record. It is a little technical.

Senator HARTKE. All right, I know it is.

On page 54 of your report, I don't know if you have it there, you have a table, table No. 23. I think maybe this is something you may not need the table for.

But on the face of it, it appears that in 1968 there were more net avoidable savings possible than in 1966, 2 years earlier, and yet the number of train miles and passenger trains in 1968 were less than in 1966.

There probably is an explanation for this, but I wonder how you can say that the number of miles has gone down while the amount of the net avoidable cost has gone up?

Mr. TIERNEY. One of the big reasons for this is the tremendous increase in costs since that time per passenger mile.

We have written a letter—there are other areas of this and I can't give you an answer right now. But we have written a letter to Chairman Staggers in this very area. He has raised the same question.

Senator HARTKE. Would you be kind enough to give it to the Senate as well as the House?

(The information was subsequently received for the record:)

INTERSTATE COMMERCE COMMISSION,
Washington, D.C., October 8, 1969.

Hon. R. VANCE HARTKE,
Chairman, Subcommittee on Surface Transportation, Senate Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: At the hearings on S. 2750 and other bills related to rail passenger service, during the testimony of Commissioner Paul J. Tierney you requested that additional information be provided for the record concerning two aspects of the Commission's study entitled "Investigation of Costs of Intercity Rail Passenger Service."

After a discussion of the basic purposes of the study and the differences in determining the savings to the railroads as a result of total cessation of passenger service compared with the savings from individual train discontinuance cases, you asked:

"Did this study provide any information for you which you can utilize in further procedures for discontinuance, any new material that heretofore had not been used, new procedures, new formulas?"

Section 13a cases before the Commission require the evaluation of many factors including the costs of the trains in question. Among these factors are public use of and need for the service, the general financial condition of the carrier, available forms of alternate passenger service for the communities involved, quality of the service offered by the carrier, effects of discontinuance on the localities and train employees, and losses from the train. The multiplicity of factors prevents the development of a precise formula to correlate all of the considerations that are involved in a particular case.

On the other hand, we believe that the study will produce some collateral benefits in the process of individual cases, although such results were not the primary target of the study. The preparation of passenger data submitted in the carriers' annual reports and Commission review of that data will be improved. Since these data form part of the basis of some evidence introduced in discontinuance cases, that evidence should also be upgraded.

Second, the methodology and findings of the study should provide more improved guidelines for handling specific cost items in future cases. In this vein, the study should facilitate analysis of certain individual train costs, particularly in the troublesome areas of joint (common) expenses, state and federal taxes, and track maintenance.

Third, the study provided the Commission and its staff with greater familiarity with rail passenger costs and the data maintained by the carriers. This added knowledge will help in the analysis of individual cases and in the establishment of more adequate cost rules for separating expenses. In our opinion, some railroads will reap similar benefits based on their participation in the study.

Changes in separating rail expenses and reporting to the Commission depends on what course of action Congress takes. At page 94 of its cost study the Commission said:

A more adequate method of determining the burden of intercity passenger service, and, for that matter, subsidy requirements, lies in the application of avoidable costing. In view of the substantial time and effort required by the Commission and the carriers to establish such a system in lieu of the present methods of allocating expenses, it would seem more prudent to first decide whether Federal policies toward intercity rail passenger service will continue to be concerned principally with the discontinuance of this service or whether the policies will be reshaped in an effort to maintain some level of service. If present policies are to be changed, then the separation requirements should be revised thereafter to provide the necessary information for administering those policies. If no changes are made, the declining level of service can be adequately evaluated on the basis of special studies to determine the avoidable portion of passenger costs and the capital tied up in passenger service.

Your second request concerned the interpretation of Table 23 on page 54 of the study. I am enclosing a copy of the letter to Chairman Staggers on the same question. As you will note, the greater losses in 1968 versus 1966 are mainly attributable to lower revenues per train mile and, to a lesser extent, to price increases for the labor and material required to provide passenger service.

If I can provide further assistance to you on these matters, please do not hesitate to call.

Sincerely,

VIRGINIA MAE BROWN, *Chairman.*

AUGUST 25, 1969.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR CHAIRMAN STAGGERS: Your letter, dated August 7, 1969, requests an interpretation of the presentation appearing on page 54 of the Commission's recent report entitled "Investigation of Costs of Intercity Rail Passenger Service."

You are correct in stating that the figures in columns 3 and 4 are train miles rather than dollar amounts.

The date contained in Table 23 (and the discussion on the preceding page) show, as you note, that the potential savings per train mile (excluding the revenues and expenses of mail) from the discontinuance of rail passenger service by six of the study carriers were greater in 1968 than they were in 1966. For five of the six railroads, the total potential savings for all passenger trains were greater despite reductions in train miles.

The figures shown in columns 1 and 2 of the table are net figures—avoidable expenses less passenger revenues. For the six carriers as a group, the 1966–68 period showed the following decreases:

1. passenger revenue excluding mail dropped 39.6 percent;
2. avoidable expenses related to those revenues declined only 18.7 percent; and
3. train miles decreased 29.7 percent.

During the two-year period, the expenses of operating passenger trains increased more than 10 percent as a result of wage increases, higher material costs, and greater fringe benefits. If the 1968 expenses per train mile are adjusted to eliminate these price increases, three of the six carriers had lower avoidable expenses per train mile than they did in 1966. And as a group, the total adjusted avoidable expenses declined 26.9 percent compared with a decrease of 29.7 percent in train miles.

The most significant reason for the increasing losses was the decline in revenues on the remaining trains. For example, The Great Northern reduced its passenger train service by only 5.6 percent from 1966 to 1968, yet its passenger miles declined 17 percent and coach revenues decreased over 15 percent during the same period. All six carriers received less revenue per train mile in 1968 than they did in 1966 despite fare increases that averaged nearly 6 percent for the country as a whole. The continuing decline in patronage in trains has also been observed in the vast majority of discontinuance cases before this Commission.

You suggest that the data contained in the table do not indicate that the discontinuance of a number of trains has relieved the carriers of substantial burdens. The data contained in the table and the underlying statistics were not designed to show the savings from discontinuances, nor do they indicate that the carriers failed to achieve substantial savings. The data do suggest, however, that the overall costs of the remaining service to the carriers are continuing to mount primarily as a result of a loss in patronage on the remaining trains and price increases.

Sincerely,

VIRGINIA MAE BROWN, *Chairman.*

Mr. TIERNEY. I will be delighted.

Senator HARTKE. All right. I want to return to the last statement of Mrs. Brown, in which you say, Mrs. Brown, that the first step should be taken, and then go on to mention the number of trains discontinued in the last year.

Basically what is the objection of the Commission to a moritorium? Can you state it for the record, either you or whoever you want to designate?

Mrs. BROWN. I will let Commissioner Tuggle make that statement. It is in my statement which I presented.

Mr. TUGGLE. Well, one of the reasons is that as has been indicated here in the cost study of these eight railroads, which operated about 40 percent of the passenger miles and did not include the corridor service or any commuter service, the net avoidable loss was $118 million. million.

If you extrapolate that, which may or may not be accurate, but it would be some indication, you reach a railroad passenger deficit of around $200 million, excluding commuter service. Commuter service is not included in that.

Now if a moritorium is imposed, it amounts to freezing that loss on the railroads for the duration of the moritorium.

So regardless of how little demand there is for the train, or how burdensome or unjust the loss may be on the operations, they have still got to operate it until the moritorium expires.

Senator HARTKE. What if we followed the procedure which is outlined in the bill which I introduced. If a passenger train is ordered by the ICC to be continued in service and if that train is operating at a loss, that bill would have the Government subsidize the railroad to the extent of that loss. What is your opinion on that?

Mr. TUGGLE. Let me answer that by first saying that if that is followed literally, it could be subsidizing passenger service for which there is no public need or demand.

Senator HARTKE. What if you coupled that with giving the ICC authority over adequacy of service that was being provided?

Mr. TUGGLE. Assuming the need on the part of the public for the service, if a carrier has to perform it at a loss, I would say he should have financial assistance from some source.

Senator HARTKE. Yes, and could you not make this assumption of need? There had to be an assumption made for example with the Metroliner; an assumption of need which could not be proved. No one could guess in advance that that train was going to be literally filled to capacity, to the point where reservations are not available.

Mr. TUGGLE. That takes us back to our urgent recommendation that we have a study to determine what is the essential railroad passenger service needs of this country. Until we know what is essential, if we begin to subsidize, we may be subsidizing things the public doesn't particularly need.

Senator HARTKE. The point of it is, and I quite agree with you, no one wants to get into the business of subsidizing for the sake of subsidy. But the point still is that if this situation continues, as the chairman has indicated, if this trend continues, it seems clear we are approaching the end of the track for the passenger train. We are making one of two assumptions, either we are going to assume that we are going to go to the end of the track for passenger service, or we are going to try to do something in the interim.

In the interim we have had a cost study made, recommendations made, but as Senator Pearson said, the study approach to these things doesn't provide any solution. In the meantime personally I have tried to get section 13(a)(1) changed and couldn't do it.

So what we are looking for it seems to me is something which is going to continue to hold the line until such time as we can come up with some answer which has somewhat the semblance of reasonableness behind it. Right now we don't have that, do we?

Mr. TUGGLE. No, sir. There is merit in the suggestion that if in a discontinuance case the Commission finds the public convenience and necessity require it to be continued yet there is a substantial loss, there is justification for the payment of a subsidy in that instance.

That is the Canadian system. Under the Canadian plan they have a Transportation Commission, and if that Commission orders a train

continued but it operates at a loss, the Canadian Government subsidizes the carrier for 80 percent of that loss.

Senator HARTKE. How does it work?

Mr. TUGGLE. I don't know too much about the mechanics——

Senator HARTKE. I mean how has it worked as far as effectiveness is concerned? Are they satisfied with it, dissatisfied, or what?

Mr. TUGGLE. I really don't know. But it is still in force and effect.

Senator HARTKE. I can't help but draw an analogy with the SST decision made today. Here we are going, certainly we are going to be behind the development of the French system, the combined French-English system, we are certainly behind the Russians. But we have made an assumption that we can develop a plane for commercial purposes with a subsidy of about $1 billion. For railroad passenger service we are talking about an operating loss of maybe in the neighborhood of $200 million, which is one-fifth of the SST cost. These trains are going to move people during the interim period between now and when we come to a final conclusion on the SST, while the SST cannot hope to be in operation for 10 years.

It just seems to me somewhere along the line somebody ought to come forward with a type of initiative in railroad passenger service that those people who are the advocates of the SST have come forward with. Whether it comes from the Commission, the Department of Transportation, or the people operating the railroads; somebody, someplace must provide the initiative—maybe it is the Congress' responsibility.

Mr. STAFFORD. Senator, the SST decision I think was based on more than just a question of passenger movement. Isn't that based on our international balance of payments, that we get into that? An airline is going to be forced to buy this plane.

Senator HARTKE. If you want to go into economics you can do that ad infinitum. There are other questions to ask: But what about the country? Can this or that mode move goods cheaper? What about the frustration element? How many people despair of continuing to work in a place because of the fact that they can't easily get there any more? Even with the James Whitcomb Riley train in existence people say they just can't get from Indianapolis to Chicago by train, that is what they told us, even though there is passenger service there.

If you did impose a moratorium under any conditions, how many trains in your opinion would be involved say next year? Say it was imposed by October 1 of this year, so that would be 3 months of this year and next year, in the next 15 months, what if we put a moratorium into effect under any condition, how many trains would be affected?

Mr. TUGGLE. A little over 500 I believe.

Senator HARTKE. You mean all of them?

Mr. TUGGLE. On a moratorium?

Senator HARTKE. I don't understand that. How many would not be discontinued in your opinion?

Mr. TUGGLE. Roughly a hundred.

Senator HARTKE. In a 15-month period?

Mrs. BROWN. That is about right.

Senator HARTKE. You think it is about 100 a year, or 75 a year?

Mr. TUGGLE. Something like that. These figures as to the number of trains——

Senator HARTKE. Isn't it true that we have had such a severe decline in passenger train service that most of the bad trains or uneconomic trains have already been discontinued?

Mr. TUGGLE. That is in part true. But we must remember in 1967, the Post Office Department began taking mail off the trains, and that is when the carriers that had more or less profitable trains began to incur the big losses.

Senator HARTKE. We are going to insist that the Post Office Department give us a record on that and their opinions as to exactly what this has done. They are not scheduled to appear. We are going to provide them with a little additional time. But by supplementary written statement or testimony later we are asking the Post Office Department for that information.

Mr. TUGGLE. That is what has accelerated the filings in the last 2 years, the removal of mail.

Senator HARTKE. That will be part of this record and I hope if you have any questions along that line that you would be kind enough to give them to the committee so we can in turn request the Post Office Department to give us that information which you have not been able to obtain from them.

Would you do that?

Mr. TUGGLE. Yes.

Mr. STAFFORD. I think what the Post Office did, besides cutting down on a lot of it, some of it they continued on the trains but at a reduced rate, at a freight rate, and they didn't require first-class handling as they did previously.

Senator HARTKE. Is that the reason the mail service is so slow? In other words, it is being treated like freight? Is that a problem?

Really, I want to know. I am on the Post Office and Civil Service Committee. You may have opened up something here. Is that right?

Mr. TUGGLE. The net loss was $65 million in 1968 from the removal of mail. Regardless of whether some was retained on freight service, it still had that loss.

Senator HARTKE. How bad is that freight service? Do you know?

Mr. STAFFORD. Some of it is pretty good yet, Senator.

(Following is the exchange of correspondence with the Post Office:)

OCTOBER 24, 1969.

Hon. WINTON M. BLOUNT,
Postmaster General,
Post Office Department, Washington, D.C.

DEAR MR. POSTMASTER GENERAL: This is with reference to railroad passenger service legislation currently under consideration by the Senate Subcommittee on Surface Transportation.

Several questions have arisen concerning the position of the current Administration on this matter. For the record I would appreciate having your response to the following questions:

1. What was the primary reason for the Post Office's decision to reduce mail shipments by rail? Decline in passenger service? Better service from competing modes?

2. From the Post Office's standpoint what are the essential ingredients necessary for obtaining satisfactory passenger train service? To what extent have the railroads complied with these requirements?

3. Assuming all other factors were constant, would the Post Office utilize passenger trains if service were substantially improved?

Any other comments on this matter which you believe are relevant would be appreciated. I am hopeful that the issues arising out of reduced amount of mail being carried on passenger trains can be adequately reviewed without the neces-

sity of your appearing personally before the Subcommittee. Because the Subcommittee is anxious to develop legislation at an early date, I would appreciate having your response as soon as practicable.

Sincerely yours,

VANCE HARTKE,
Chairman, Surface Transportation Subcommittee.

POST OFFICE DEPARTMENT,
Washington, D.C., November 20, 1969.

Hon. VANCE HARTKE,
Chairman, Surface Transportation Subcommittee, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is a further reply to your letter of October 24, 1969, which raises several questions regarding the use of passenger train service for the shipment of mail.

In response to your questions, the following comment is offered:

1. The continuing decline in passenger train service has been a significant factor in the reduction in the amount of mail transported in passenger trains. In 1930 there were more than 10,000 passenger trains carrying mail. Today there are about 500. In other instances passenger train schedules do not meet postal objectives. Late operations have also been a factor in the withdrawal of mail from some passenger trains.

Prior to 1967 much of the transcontinental letter mail was sorted enroute by postal employees in special railroad cars in passenger trains. During 1967 the airlift of first-class mail which had been in operation on a limited basis for several years was greatly expanded for the reasons mentioned above and because we found that on a nationwide basis transportation by air with sorting in post offices would provide better service at less cost. We have also found that very substantial reductions in the cost of transportation of bulk mail can be made through the use of freight trains rather than passenger trains. The cost of transporting mail in fiscal year 1967 was approximately $634,000,000. The cost in 1968 was approximately $603,000,000, even though the volume increased and the cost of highway transportation increased significantly.

2. From the Department's point of view the ingredients for a satisfactory passenger train operation would be consistent on-time operations leaving initial terminal after the mail deposited at the close of the business day is ready for dispatch and arriving at intermediate points and outer terminals in time for delivery on the day of arrival. To a great extent the railroads can no longer comply with these schedules and we have had to use other modes of transportation.

3. In view of the fact that better service can be provided at less cost by the use of air transportation for letter mail we could not re-establish enroute distribution even if passenger train schedules were adequate. Also, since we have been able to develop satisfactory service for bulk mail at a reduced cost by the use of freight service, we would not be in a position to return to the former method of transporting this mail in passenger trains. Railroads continue to provide a major part of the mail transportation and their compensation amounted to $204,000,000 in the fiscal year 1969.

It is our policy to use a combination of rail, highway and air transportation, with each mode performing the service it is best prepared to render. The Department must continually re-evaluate the service and performance of all carriers to determine if they meet our criteria from a cost and service standpoint. Only in this way can we keep abreast of the rapidly changing transportation modes.

If you desire any further information, please let us know.

With kind regards.

Sincerely yours,

DAVID L. CANTOR,
Congressional Liaison Officer.

Senator HARTKE. In your statement you have indicated that the Commission feels that the financial aid which is contemplated by S. 2750 is premature.

Is there anything, any type of aid program the Commission would endorse at this time?

Mrs. BROWN. Any type of Federal subsidy?

Senator HARTKE. Any type? Just say aid.

Mrs. BROWN. I will let the Commission speak for itself, but certainly we have presented to this committee several times that we have thought that Federal assistance was needed if the passenger trains were to be carried on.

Senator HARTKE. Do you have any specified method by which this could be provided? How about passenger car pooling?

Mrs. BROWN. Actually, what we have said heretofore and it makes real good sense is that first you find out what your need is, how big your need is, and then you get into that.

As for me, I think that makes good sense, because there isn't any use for me to look at a Rolls Royce if a Volkswagen is all I can afford. I think that is what we might be doing in the passenger train area.

Senator HARTKE. Does the Commission express any opinion upon the recommendation made by Senator Tydings?

Mrs. BROWN. The Commission hasn't had an opportunity——

Senator HARTKE. For the pooling of passenger cars.

Mrs. BROWN. They haven't had an opportunity to look into it and express how they feel about it. In fact, the bill just came to us.

Senator HARTKE. Do you feel it is your responsibility to come up with recommendations of this kind, or do you feel that is the Department of Transportation's responsibility or neither or both?

Mrs. BROWN. Senator, I think it is everybody's responsibility in regard to this. If I possessed the mental capacity to have the long-range thinking of what this country needs, some of which we have talked about today, plus the fact of what we may need right now, like action, or what we know right now, I would supply it. But I think the answer is certainly it should come from all of us and anybody that has the ideas, I guess that is what Congress is sitting here for.

Senator HARTKE. There is a word called heuristics, which is the development of new ideas. It seems to me if all of a sudden there is a complete lack of heuristic ability in this country. There are no new ideas in this field whatsoever. I never saw such a void. It is almost a hopeless situation, no solution, no suggestion of solution, utter despair and ultimately jammed up service on the airways, the highways, and no railways.

Isn't that about what the picture is today?

Mrs. BROWN. Well, I hope it isn't all that, because I certainly don't foresee that for this country. I think the total transportation system for the movement of people and for the movement of freight makes good sense long range.

Now we have an airport way out here, we have a train station here, we have a bus station here, and they are all separated. Total transportation would put them all into one place. Concerning the movement of people, if I am going to ride on the airlines, I am not going to stop right at the airport, my journey is not through. And the planning should foresee all of that for the future. But we can't have that right now.

Senator HARTKE. Why not?

Mrs. BROWN. I would like to have it right now. I think it is the right thing. The only thing is this country hasn't changed just by——

Senator HARTKE. We just don't have the determination and will to get the job done. Isn't that it?

Mrs. BROWN. I wish we did.

Senator HARTKE. We put a man on the moon, we got there within seconds.

Mrs. BROWN. I say the same thing.

Senator HARTKE. Isn't this tragic? Here you can put a man on the moon and say by 1970 we will get him there and we got him there by 1969, contrary to some of the best prophecies or mediums who predicted it never would happen. We got there because we had a goal and priority and allocation of funds and determination to get the job done.

We can get to the moon in seconds, but we can't get back and forth across this country any more.

Let me ask you, you mention the last train concept in S. 2887. What do you mean by the last train? What is the last train? Would one train a week in each direction be the last train? Or would maybe two trains a day be the last train?

Mrs. BROWN. I will ask Commissioner Tuggle to respond to that.

Mr. TUGGLE. I think it means the last round trip train.

Senator HARTKE. In 1 day?

Mr. TUGGLE. If it is one a day at the time they come in, that is it. If it is just once a week, that is it. It is the last train in operation that is then scheduled.

Senator HARTKE. You think once a week would be a sufficient last train definition?

Mr. TUGGLE. No, sir. I said whatever the service is at the time they give notice of discontinuance. If it is one train a day, that would be continued. If it is one train a week, that would be continued. Whatever the service is they apply for.

Senator HARTKE. In other words, you mean the service in effect at that date?

Mr. TUGGLE. Yes.

Senator HARTKE. In the bill which you have proposed for dealing with this adequacy of service, on which you did not comment in your statement—did you?

Mrs. BROWN. No, we didn't. Actually it was transmitted to the Congress after the statement was written.

Senator HARTKE. In this bill as proposed there is no reference to scheduling. Why not?

Mrs. BROWN. I will ask the vice chairman if he will respond to that.

Mr. STAFFORD. I think that we infer in the record that went out—we are trying to implement the order we put out by this bill. Now if we haven't implemented the order, then we want it implemented.

I think you have to have a reasonable on-time performance.

Senator HARTKE. Where is it?

Mr. STAFFORD. Page 3.

Senator HARTKE. Section 13(b)(2) you mean?

Mr. STAFFORD. Yes; this all comes under standards of service.

Senator HARTKE. Standards of service?

Mr. KAHN. Mr. Chairman, in paragraph 13(b)(2) it states generally that in considering, determining whether reasonably adequate passenger service is being provided and furnished on any such train in operation, the Commission may consider, among other things, certan enumerated factors. This is not intended to be an all-inclusive list.

Senator HARTKE. You know there is this peculiar rule of law—not peculiar, no—this rule of law that the mention of one thing is an exclusion of those not mentioned.

Mr. KAHN. Not normally, Senator, when such phrasing is preceded by the term "among other things."

Senator HARTKE. I quite disagree with you on that. I think that is open to serious question.

Mr. STAFFORD. Senator, we would be happy to have you put in any wording you want on that.

Senator HARTKE. What about interconnecting schedules, or reliability of scheduling? Don't you think those are important elements? Isn't that one of the main complaints?

Mr. STAFFORD. We think all of that will come out in the study too, Senator.

Senator HARTKE. You have not included in this, as I understand it, cleanliness and appearance of the terminals and trains, such as the aisles and restrooms of cars and waiting rooms of terminals?

Mr. STAFFORD. Senator, there was considerable thought within the Commission that we keep this just as general as we could, with the understanding that once we were given the authority, we were going to do these things, to see that we did have a good passenger train.

Senator HARTKE. I am generally in agreement that specific elements of legislation have a tendency to tie the Commission's hands, if the Commission has enough initiative to apply tself. But I do feel if you are going to do that you are better off to stay with a general overall terminology than to go ahead and specify some and ignore others.

Mr. STAFFORD. That is right. We have a strong feeling on that side of it, that we should.

Senator HARTKE. In this item also you exclude commuter service, right?

Mr. STAFFORD. Right.

Senator HARTKE. Do you feel you have no authority, should not have any authority in the field of commuter service?

Mr. STAFFORD. We feel that this belongs with the local governing bodies that are now doing, we feel, as good a job as they possibly can.

Senator HARTKE. Is that your opinion or the Commission's opinion?

Mr. STAFFORD. Mine.

Senator HARTKE. What is the Commission's opinion?

Mr. STAFFORD. We haven't discussed that question on the commuter service. This is not within our jurisdiction.

Senator HARTKE. Can your counsel give me his opinion? Is that the opinion of counsel on this?

Mr. KAHN. The Commission in the adequacy report concluded that it was without jurisdiction to regulate the adequacy of rail passenger service in interstate commerce. That report makes no distinction between commuter service or other service. The remedial legislation which the Commission has proposed addresses itself only to intercity service and specifically excludes local commuter service in the belief that, for the time being, the regulation of it should either be left to the States or possibly be handled by separate legislation, to be enforced by the Department of Transportation.

No final conclusion on that point has been expressed by the Commission.

Senator HARTKE. Let me come back to Mr. Tuggle for a moment on this cost study.

In the area of defining cost, have the operating ratios of the railroads been given consideration?

Mr. TUGGLE. Well, it is given consideration generally as to their need for revenue, but it has no particular significance in this type of proceeding.

Senator HARTKE. You do not consider that, the operating ratio, as a significant factor in any hearing on discontinuance?

Mr. TUGGLE. No, sir.

Senator HARTKE. Do you think you should?

Mr. TUGGLE. Well, on the discontinuance cases we limit our study of the costs to the out-of-pocket costs of the railroad. What you suggest is we get into the overall operation of the railroad, whereas we are considering one train only. The operating ratio would also include all freight operations.

Senator HARTKE. I am just asking, I am not saying you should. I am asking the question.

Mr. TUGGLE. Do you imply that we should consider the financial condition of the carrier?

Senator HARTKE. I am not implying, I am just asking a very simple question, whether you do or do not. In other words, the operating ratio basically does give you the financial condition of the carrier outside of its investment income. Isn't that correct?

Mr. TUGGLE. Well, it is an indicator. It doesn't give too specific information; no, sir.

Senator HARTKE. But you do not consider it at the present time?

Mr. TUGGLE. We do not consider operating ratio by itself; no, sir.

Senator HARTKE. Is it a factor though?

Mr. TUGGLE. No, sir. But the overall financial condition of the railroad is given some consideration.

Senator HARTKE. In the overall condition of the railroad is the operating ratio a factor or is it inot a factor?

Mr. TUGGLE. Well, it is really not a factor, because we don't think of it in those terms. We think of the fact whether it lost money, x million dollars. That goes to its ability to absorb additional losses from nonprofitable passenger service. But using the ratio, we do not do it—it includes all freight service. It is not too reliable an indicator.

Senator HARTKE. I want to thank you very much. Let me say I would hope the Commission, in my view of its jurisdiction in this matter, would follow these hearings quite carefully and make any appropriate comments that it feels should be made for the record. If you feel they should be made orally, I would be glad to have you come back, or if they can be covered by written statement, that would be fine.

We have to start some place and I think we have started in the appropriate place.

We will have the Department of Transportation in here on Thursday and other witnesses will be here. So I would hope you would follow the hearings and give us the best information that you have.

What we are trying to find is a solution to what I consider a major problem in the United States, and that is movement of people in an orderly fashion.

Mrs. BROWN. Mr. Chairman, we will be most happy, we want to follow these hearings very closely and we will be happy to comment if we can.

Senator HARTKE. I want to thank the Commission for coming.

(Thereupon, at 12:45 p.m. the hearing was recessed, to reconvene at 10:30 a.m. the following day.)

PASSENGER TRAIN SERVICE LEGISLATION

WEDNESDAY, SEPTEMBER 24, 1969

U.S. SENATE,
COMMITTEE ON COMMERCE,
SURFACE TRANSPORTATION SUBCOMMITTEE,
Washington, D.C.

The subcommittee met at 10:30 a.m. in room 5110, New Senate Office Building, Hon. Vance Hartke, presiding.

Present: Senators Hartke and Cannon.

Senator HARTKE. Good morning everyone. This morning we are honored to have with us the majority leader, the Honorable Mike Mansfield, the Senator from Montana.

Mr. Leader, you may proceed.

STATEMENT OF HON. MIKE MANSFIELD, MAJORITY LEADER AND U.S. SENATOR FROM MONTANA

Senator MANSFIELD. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee. I appreciate having this opportunity to appear briefly on legislation pertaining to the adequacy of railroad passenger service.

For the record, I would like to state that my colleague in the House, Mr. Olsen, has attended a hearing covering the Mainstreeter of the Northern Pacific Railroad at Butte.

Congressman John Melcher has attended a hearing on the same subject at Billings several weeks ago. And my distinguished colleague, Senator Lee Metcalf will appear before the ICC tomorrow on the same subject.

This is a matter of extreme concern to me and my constituents. The Western States are rapidly approaching a transportation crisis with increased deterioration of all modes of public transportation.

In the 1960's there has been a very definite shift in our national priorities from rural America to the heavily populated urban centers of the Nation. This is understandable and, in some instances, long overdue. However, I do not believe that we can now neglect and ignore the rural, less populated areas of the Nation. Many of our small towns and communities are losing population and in some instances their future is not too bright. We should assist these folks, instead of contributing to their problems. There are times when I feel that those who establish policies and operate public transportation services think of a State like Montana as a necessary roadbed to get from the Twin Cities to the west coast, or a necessary fueling stop, and no more.

The frequency of bus services is being reduced throughout the State. We are now fighting the problem of maintaining air services at a

number of smaller Montana cities which can support and are deserving of better commercial air service.

In the instance of the railroads, the Montana congressional delegation has been opposing and objecting to passenger train discontinuances for many years. First, it was the Milwaukee railroad, not a land-grant railroad I might say, then Burlington and now the Northern Pacific is making its second attempt to discontinue one of its two passenger trains, the Mainstreeter.

Now that the Interstate Commerce Commission has formally and finally asked for legislation to give it jurisdiction over passenger train standards of service, I believe that the Congress should act swiftly in doing so. I am somewhat sympathetic with the dissenting opinions on this ICC ruling, but, if this is what we must do to give them sufficient support and authority, I pledge my full cooperation in this regard.

The railroads of this Nation, especially those which were given large land grants as an incentive to provide passenger and freight service in the Western United States in the late 1800's, have ignored and abandoned the original intent of these grants. The obvious intent was to provide a public convenience and service. These railroads now seem to be more interested in their diverse investments and would prefer to drop their passenger trains.

In the instance of the Northern Pacific Railroad, which serves my State and holds vast acreages of land, records show that its current increasing annual income is derived from its mining, oil, grazing, and timber operations conducted on those lands granted to it by the Federal Government.

These lands were not originally intended for such purposes. Instead of improving and promoting its rail services in my State, the railroads have made obvious attempts to discourage train travel. The Montana delegation receives many complaints about poor schedules, inadequate facilities, incompetent personnel, and badly maintained equipment. I am convinced that there are those people who wish to travel by rail and would do so with more frequency if the railroads encouraged such travel and used a little bit of imagination.

My able colleague, Senator Lee Metcalf, will be presenting testimony before the Interstate Commerce Commission tomorrow, Thursday, September 25, in opposition to the Northern Pacific Railroad's Mainstreeter discontinuance application. Senator Metcalf is presenting arguments in behalf of the entire Montana delegation and goes into the situation in detail, as I am representing the entire Montana delegation at this hearing. I think that the Senate Committee on Commerce will benefit from his research into this one instance of a railroad attempting to set aside its responsibility to provide public transportation. I will leave a copy of Senator Metcalf's statement with the committee, which is not scheduled for release until tomorrow and ask that it be made a part of the record of this hearing and not be released until tomorrow.

Senator HARTKE. It will be held until tomorrow and made a part of the record as requested.

Senator MANSFIELD. Mr. Chairman, I wish that I could offer the committee an easy solution to the problems that we face—assuring the American public that they will continue to have adequate railroad passenger service. I am convinced that the people will patronize the

railroads if they receive an adequate service in return. I think that the railroads could do much more.

Perhaps, Congress will have to authorize a reimbursement to the railroads for deficits directly associated with passenger train operations. Tax incentives for investments in new modernized equipment may be useful. A directive to the Post Office Department to return a good deal of the mail to the trains would undoubtedly be of some help. The recent removal of mail from many of the trains certainly has not contributed to improved postal services. In fact, I might say that my experiences in the State of Montana indicate a deterioration rather than an improvement in postal operations.

I ask for this last minute opportunity to appear mainly to express my concern and to ask that the committee direct itself to this most serious situation until a program can be developed which will assure continued passenger service to the traveling public. This is a shared responsibility, and I am pleased that the Senate Commerce Committee has taken the initiative.

Senator HARTKE. Thank you, Senator Mansfield.

I want to asure you that this indeed is welcome testimony, and I assure you that the committee will try to expedite some legislation, certainly in the field of adequacy of service immediately. And with your help I am sure we can be very successful in that endeavor.

Senator MANSFIELD. Thank you, Mr. Chairman. The one word I want, the one phrase I want to leave with you is don't forget to keep the Mainstreeter going.

Thank you very much.

Senator HARTKE. Thank you. Maybe we can make this hearing the Mainstreeter hearing. Thank you.

(The statement follows:)

STATEMENT OF HON. LEE METCALF, U.S. SENATOR FROM MONTANA, BEFORE THE INTERSTATE COMMERCE COMMISSION HEARINGS ON THE MAINSTREETER DISCONTINUANCE CASE

Hearing Examiner Roper, ladies and gentlemen. Thank you for your courtesy in giving me time this morning to make a statement in connection with the Interstate Commerce Commission's investigation of the Northern Pacific Railway's petition to discontinue the Mainstreeter passenger train service between St. Paul and Seattle-Tacoma.

In ths statement, I am joined by the Majority Leader of the Senate, my distinguished colleague from Montana, Senator Mike Mansfield and by Montana's distinguished Members of the House, Representative Arnold Olsen of the Western District and Representative John Melcher of the Eastern District. All members of the Montana Delegation have read my testimony and ask that it be regarded also as theirs.

Just over a year ago the Commission rejected Northern Pacific's petition to discontinue its operation of the Mainstreeter. The Commission is now considering the railroad's second request.

I hope to demonstrate today—

(1) that the fundamental circumstances which directed the Commission's decision still obtain (except that some have worsened), and therefore the railroad's application for discontinuance should again be denied;

(2) that there is in the practice of the Northern Pacific in downgrading the Mainstreeter service a parallel with those of the precedent Southern Pacific Sunset Limited case and, therefore, the petitioner's application in the pending proceeding should again be denied;

(3) that the Northern Pacific Railroad's claimed losses in the operation of the Mainstreeter are not valid, and the railroad's petition for discontinuance should therefore be denied;

(4) that the compelling necessity for a new national transportation policy, as enunciated by officials of the United States Government, dictates that the ICC hold fast and the Northern Pacific's petition for discontinuance of the Mainstreeter should be denied.

In denying discontinuance in May, 1968, the Commission quite properly took note of the Northren Lines merger case and the assurances in the hearings on that case of the then President and now Chairman of the Board of the Northern Pacific Railroad. Mr. Robert McFarlane testified that after the merger both the Mainstreeter and the North Coast Limited trains would be continued "until the public abandons them."

Hearing Examiner Robert H. Murphy concluded in his 1964 report on the merger:

"No changes are proposed with respect of passenger train service and passenger train schedules, except as would be affected by combining the passenger train operations of the applicant railroads between St. Paul and Chicago, previously described. . ."

Unfortunately, the Commission did not see fit to make continued operation of the Mainstreeter a condition of its order granting the merger. In the Chicago, Milwaukee and North Western merger case, (Finance Docket No. 24182, December, 1968) Hearing Examiner Darmstadter denied a request for a similar condition on the ground that: "Approval of the proposed transaction will not affect passenger service and a general requirement that such service be maintained or improved as a condition herein is simply not warranted by the evidence."

This reasoning has proved unsound in the case of the Northern Pacific and the subsequent intransigence of the company is an embarrassment to the Commission which in its report on the railroad's first application for discontinuance cited Mr. McFarlane's promises, made under oath, both in direct testimony and in cross-examination that the trains would be continued following merger. Also cited was the fact that it was just four days after approval of the merger that the railroad sought discontinuance though there was "sufficient time to prepare this application" following the Commission's decision to reopen the merger proceeding.

The Commission's authority and responsibility remain undiminished by any circumstance occurring since then. It may be that the Commission's decision on the merger would have been different, had the railroad honestly stated its intentions respecting passenger service. That the railroad concealed its real intentions places a special responsibility on the Commission to deny its blessings to a change in service that it specifically said would *not* flow from the merger. This is particularly true as a matter of orderly procedure until the Supreme Court has given its decision *based on the same premises* since, as in the 1968 denial of Northern Pacific's petition pointed out, the Burlington Northern, Inc., the product of the successful application in the *Merger* proceedings . . . expressed willingness, even eagerness, to maintain both the Mainstreeter and the North Coast Limited."

If the Supreme Court sustains the Commission there is opportunity for another carrier to take over the Mainstreeter, should the Northern Pacific persist in its desire to eliminate this service. If the merger is not approved there will be plenty of time to ponder other alternatives.

I should like to turn now to my second point—that the Northern Pacific has continued to downgrade the Mainstreeter service and its application for discontinuance, should be denied for the reasons given in the precedent Sunset Limited case.

Perhaps it is appropriate to state here my purpose in pursuing this line of testimony in light of the decision of 12 September on the Southern Pacific standards of service question in which the Commission held that it lacks the jurisdiction to control the quality of passenger train service. (No. 34733, I.C.C., 10 September 1969).

In another forum I will undertake to respond to the decision, which I consider wholly irrational if we contemplate the dilemma that would arise for the Commission were a carrier to offer passenger service in flat cars. But for purposes of this hearing I will confine my remarks on this issue so as to remain within the narrow scope of the jurisdiction of the Commission as it has most recently interpreted it.

Thus, though the Commission has declared standards of passenger service to be outside its purview to regulate, it did not rescind the decision requiring continuance of the Sunset Limited nor did the ICC repudiate its conclusion in that case that the carrier had voluntarily downgraded the passenger service in order

to discourage passenger traffic for the purpose of obtaining ICC approval of a discontinuance. The decision and the rationale remain and are a direct parallel with the Mainstreeter case.

One of the most frequently voiced complaints in the many hundreds we have received respecting the Mainstreeter is that the trains are consistently and incredibly late, where they used to be consistently and wonderfully on time. I am told that the delays most frequently occur because the trains are held on a siding to permit freights to pass.

Germaine to the question of Northern Pacific's voluntary reductions in the quality of the Mainstreeter service is a comparison of the train's on-time performance during the past two years with that of previous years. We are confident that the Commission will include such a comparison in its investigation.

Many of our constituents say that they have great difficulty in ascertaining train arrivals and departures. This frequently coincides with the necessity to board a train (or meet one) in a place where the depot is locked, and with the necessity of hand carrying luggage along an unfriendly track and with the need of obtaining information by long distance telephone and purchasing tickets after boarding the train (because part-time ticket agents have left for the day). The conclusion is inescapable that the railroad which only lately offered such service has greatly changed its practices and is actively discouraging passenger traffic. Again, a comparison with earlier practices is essential and we hope that the Commission will not fail to make it.

Others tell of their dissatisfaction with the food service in the buffet car—and of the astonishing requirement that patrons empty their own garbage into bins provided for the purpose. One put it this way: "I have known many nearly illiterate poverty stricken ranch families but I never knew one to keep the slop barrel in the middle of the dining room or the kitchen."

Now, I submit that the presence of garbage pails in the dining car is an innovation of the kind designed to discourage patronage of the dining car. Again, it is the Commission's duty to compare today's services with yesterday's as a necessary antecedent in determining whether the carrier has voluntarily degraded its service.

Another facet, which bears on the question of the carrier's voluntary acts resulting in a loss of revenue to the Mainstreeter is the diversion of traffic formerly carried on that train.

I am informed, for example, that the greater share of tour parties destined for Yellowstone Park were carried on the Mainstreeter out of Livingston. Following the ICC decision denying discontinuance last year, tour parties were not carried on the Mainstreeter that summer, but were shifted to the North Coast Limited.

If, as was predicted in the 1968 decision, storage mail has been diverted from the Mainstreeter, this would constitute yet another voluntary act by the carrier which, as with the tour parties, does not constitute a loss to the carrier.

Has the public abandoned the Mainstreeter? The carrier's own figures demonstrate that it clearly has not, despite poor service, despite locked depots, despite the want of readily available train information, despite late arrivals and other unnecessary inconveniences.

I will not labor the point, but 200,000 passengers carried on the Mainstreeter in 1968 are conclusive evidence of both the need for and the patronage of this service. In 1967, there were 270,194 passengers. It will be for the Commission to determine what factors made the difference.

I have said that some of the circumstances which directed the 1968 decision have become worse. One of them is that on 9 September Frontier Airlines asked the Civil Aeronautics Board for permission to eliminate its service in Eastern Montana. If granted, an alternative form of transportation would be lost to the people of Glendive and Miles City.

Another development is a statement attributed to Mr. Menk and quoted in the Miles City Star of September 1, 1969. The Star said: "Under questioning by Bernard Bain, counsel for the city of Chicago, Mr. Menk was asked how long the Northern Pacific intended to keep the luxurious North Coast Limited in service.

'Would you commit it to 5 years?', asked Bain.

'No,' replied Menk.

'Would you say 3 years?', Bain continued.

'How about 2', answered Menk."

If the report is accurate, the people of our State have a bleak transportation future.

And just as a footnote, let me add here that the future is further clouded by the prospect of the derailments that will inevitably result from a lower standard of track maintenance if freight trains only are operated.

Now I should like to take up my third point, the validity of the losses claimed by the Northern Pacific from the operation of the Mainstreeter. If the instrument which granted the means of a continuing income for the railroad also required something in return for its largesse, wherein is the complaint that the one continues to exceed the other? There would be no assets without the liabilities.

Under the applicable sections 19 and 20 of the Interstate Commerce Act, the ICC has the authority—(1) to examine the nonrail activities of a carrier and, (2) to require reports of conglomerates or holding companies. Section 13–a did not wipe out these authorities. Indeed, it is axiomatic that a burden on interstate commerce may not be assessed without reference to the financial condition of the carrier conglomerate.

We all know that the United States Government did not grant approximately 44 million acres of lands to an oil company, known as the Northern Pacific, or to a mining company known as Northern Pacific or to a lumber company, known as North Pacific. The lands were granted to the Northern Pacific Railroad Company which undertook, in return, to construct a railroad and keep it "in working order." The lands were intended to provide a base for commerce and traffic to sustain the rail enterprise. The charter of 1864 envisioned that the lands would be sold for that purpose to settlers willing to farm or raise livestock, people who would open up the West and patronize the railway. Just incidentally, we should remind ourselves every so often that the charter specified that the granted lands were to be agricultural, not mineral.

But what happened? How did the Northern Pacific, a land grant railroad, become one of the first of the conglomerates? It did so by choosing not to sell all of its granted lands, of which there were originally nearly 15 million acres in Montana alone. The railroad retained mineral rights on much of the land it sold, and the legality of this is another question. What it still retains, and how much is granted lands, are figures no doubt reported to the Commission. But, I invite you to inspect these maps lent me by the Montana Public Service Commission which graphically demonstrate the conglomerate's holdings in our State as of 1955. This railroad, doing business as an oil company, a mining company, a real estate company, selling and developing what was public land, or leasing it for mining, drilling, timber management, cultivation or grazing would fail to perform a service rather than to render a usable service to the public—the original owner of these lands.

In the 1964 report on the Northern Lines merger proceedings (Finance Docket 21478) the hearing examiner said that the negotiators for the railroads, in their exploratory discussions, recognized "that the major difficulty in arriving at fair and equitable terms would be problems arising out of Northern Pacific's natural resources properties, and for that reason employed financial advisors and appraisers to evaluate the properties. * * * Northern Pacific's position was . . . that a capitalization of the earnings from natural resources failed to give recognition to the potential future earnings of those properties or their actual current values."

What are these earnings? How do they compare with the losses claimed on the operation of the Mainstreeter? Is the oil company losing money, or is it just the passenger service? What profit has the American taxpayer lost in this transaction?

If this is not a railroad with a public service obligation, is it an oil company or a mining company or a real estate company taking income from property given to the railroad?

What sort of company is this? What sort of an obligation does it owe to the taxpayers who originally provided these lands? Is service too expensive?

Here are pertinent figures, taken from the Northern Pacific's consolidated income statement contained in its Annual Report for 1968:

NORTHERN PACIFIC NONRAILROAD INCOME

[In thousands of dollars]

	1967	1968
Oil and gas	8,430	8,390
Timber	5,009	6,296
Minerals	1,013	898
Real estate rentals	3,302	3,525
Dividends	246	111
Interest	3,414	3,434
Other	1,298	1,625
Total other income	22,712	24,279
Net other income	16,689	16,709

If we subtract the losses claimed by the Northern Pacific on operation of the Mainstreeter, from net other income, we see that the claimed losses are a fraction of that other income:

	1967	1968
Net other income	$16,689	$16,709
Net loss, passenger and mail service	1,479	2,597
Resulting net profit	15,210	14,112

Even the net operating income is not so bad. For 1967 it was nearly $10 million and in 1968 it rose to over $15 million, while the net income figure after taxes for 1968 is up $6.5 million over 1967.

On the other hand, Northern Pacific has every right to point with alarm to its loss of revenue resulting from the elimination by the Post Office Department of the railway post office services. If we again refer to the charter of 1864, we find that the Congress intended the Northern Pacific to carry mail. The Post Office Department's decision in 1967 to close down the railway post offices in favor of contracting out the transportation of mail to planes, trucks and whatnot was, in our opinion, shortsighted and arbitrary. I said at the time that it was a piecemeal measure of dubious value to one segment at the expense of another, larger area. We of the Montana delegation are continuing our vigorous efforts to have this blunder corrected, to return to the railroad a source of revenue it was intended to have, should have and needs and, at the same time, restore efficient mail service.

The question of a carrier's nonrail income as a part of its entire total financial position is pertinent to any discussion of our government's transportation policy and more particularly so if the carrier happens also to be a conglomerate.

I welcome the Interstate Commerce Commission's request for broad legislation to meet some of the problems of maintaining adequate rail passenger service. I have previously coauthored such proposals and supported them in statements in committee hearings and on the Senate floor.

In its report of 16 July 1969, Investigation of Costs of Intercity Rail Passenger Service, the Interstate Commerce Commission said:

"Government subsidies or other forms of substantial Federal aid may well be necessary to continue the operation of intercity passenger trains. Should the public need for such service warrant retention of these trains that cannot be operated without significant losses, we would support a program of Federal aid to the carriers. The first step, however, is to find out what service the public needs and how much that level of service would cost."

I agree that the question of Federal subsidies has a proper place in the proposed deliberations. But just as a finding of undue burden under Section 13a is the responsibility of this Commission to determine, taking into account the total financial condition of the carrier, so it is the duty of the Congress to weigh the nonrail income of the conglomerate which seeks a subsidy from the Federal government to operate passenger trains.

The Washington Star published an interview with Mr. Reginald N. Whitman, Federal Railroad Administrator of the Department of Transportation, on 13 June. It included this paragraph:

"While declining to endorse or condemn the new railroad holding companies formed to help the industry diversify into non-transportation fields, Whitman said profits railroads make in nonrail businesses should be used to upgrade rail properties."

Hearing Examiner Henry C. Darmstadter, in his Report on the Chicago, Milwaukee and Northwestern merger (Finance Docket No. 24184) discussed the effect of the control of the surviving carrier by a holding company, Northwest Industries. Responding to the request of the Bureau of Finance that detailed reports by Northwest Industries be made a condition of the merger, Mr. Darmstadter said:

"The most significant problems posed by the association of the surviving company with Northwest Industries is to what extent the holding company will affect the flow of capital into the rail enterprise and the ability of this Commission to regulate the railroad in the interest of economical and efficient transportation. This means first, the possible effect on railroad income, expenses and assets, and second the possible lack of knowledge of and ability to control undesirable developments by the Commission.

The Hearing Examiner went on to recommend that the Commission "at the beginning stages of the broad diversification programs entered into by the railroad industry generally, secure the information and determine what, if any, action is necessary to carry out its obligations in insuring an adequate rail service to the public."

We hope that the Commission will act on this recommendation.

Mr. Darmstadter is quite right to question the direction of the rail industry. What is the likely direction of the giant corporation, the Northern Lines, if the merger is approved?

The Commission moved nearly two years ago, in December 1967, to require more specific ownership data from carriers who must report to the ICC. This was a laudable step, as far as it went. I am inclined to believe that perhaps the law should demand more than disclosure of the largest security holders and perhaps the Commission will study the matter if it investigates the diversification of the rail industry, as suggested by Hearing Examiner Darmstadter.

Interlocking directorates may also be an appropriate line of inquiry for the Commission. Without drawing any conclusions, but simply as a statement of fact, of the directors or officers of the Northern Pacific Railway in 1968, two are directors also of the Northwest Bancorporation, a Delaware-incorporated holding company with 63 subsidiary banks located in Minnesota, North Dakota and Montana. Two others are directors also of First Bank Systems, a holding company also incorporated in Delaware, with 78 subsidiary banks in the same three states. In all, directors of Northern Pacific, Great Northern and the Chicago, Burlington and Quincy, account for 36 interlocking directorates with insurance companies, banks, utilities, etc.

Finally, we profoundly hope that the Commission, which asks for legislation to give it jurisdiction over passenger train standards of service will, at the same time, use the authority already granted to it.

Section 19a, for example, says that the Commission shall investigate, ascertain and report the value of the property of carriers, such reports to "show separately the property held for purposes *other than those of a common carrier*, and the original cost and present value of the same, together with an analysis of the methods of valuation employed."

To the dismay of some of us, the Interstate Commerce Commission as then constituted sought to repeal this language entirely in 1967.

In the 90th Congress in individual views dissenting from the Commerce Committee's approval of S. 757, Senators Magnuson, Hartke and Hart wrote:

"We believe the whole area of railroad conglomerates is a matter of serious concern, and that the Commission should be keeping itself informed of the facts of what is happening. S. 757 is a step in the wrong direction. The ICC should be increasing its knowledge of runaway railroad conglomerates rather than asking that the flow of data it receives from rail carriers be decreased. For these reasons, we believe S. 757 should not be enacted, and instead the Commission should take action to increase public knowledge about rail conglomerates and their impact upon the public interest."

We strongly endorse this opinion and were relieved that S. 757 was not enacted. But the legislation was introduced at the request of the Commission early in 1967 and may have been (I hope it was) the last gasp of a policy now overtaken by the rapid growth of rail conglomerates. Even since its introduction

two years ago, we have seen develop an increasing awareness of the need for a government policy that will take the conglomerates into account to the extent that they influence our transportation system.

The nonrail income of the Northern Pacific conglomerate has special application because so large a part of its current and increasing annual income is derived from its mining, oil, grazing and timber operations conducted on *granted lands that the railroad chose not to sell* and from revenue derived from granted land sold for prices far in excess of acquisition cost.

One of the substantial items of non-operating revenue on which I have not been able to obtain information is derived from grazing and agricultural leases. As the maps which I offer for your inspection show, the Northern Pacific ranks with the Federal and State governments as a principal landholder in Montana. Its fees for grazing leases far exceed those charged by government and other corporations—$3.50 per animal unit month. Thus, income from grazing and cultivation of Northern Pacific lands assuredly is counted in the millions of dollars annually.

I searched in vain for any itemization of such income in the proxy statement filed by the company with the SEC last year. I find no such itemization in its report to its shareholders. We believe that such information is relevant to the decisions of the Commission which has jurisdiction over this railroad. On behalf of the Montana Congressional delegation I would hope that the Commission would obtain that information, consider it, and share it with us.

And the nonrail income of the Northern Pacific has special significance too, because of the merger and because the dangers foreseen by Hearing Examiner Darmstadter in the Chicago, Northwestern merger case exist also for the Northern Lines.

So we hope that the Commission will in the instant proceeding be mindful of its position and that it will not in an excess of delicacy fail to exercise existing authorities for, whatever 13a did, it did *not* wipe out a hundred years of railroad legislation, the carrier's public obligation or the Commission's responsibilities.

The Commission cannot improve on its statement in the Report, *Intercity Rail Passenger Service in 1968*:

An aditional responsibility of the carriers to the public was outlined in a recent proceeding where the carrier had stated it would continue a passenger train if permitted to consummate a proposed merger and subsequently filed to discontinue that train. *In No. Pac. Co. Discont. — Fargo to Seattle-Tacoma*, 333 I.C.C. 15, 39, Division 3 of the Commission stated:

> 'Here, we think the record clearly establishes that this service is being heavily patronized, that the number of passengers has been increasing, and that a public need exists for its continuance. We conclude that continued operation is required by the public convenience and necessity. Unquestionably the trains should be maintained if any carrier can be found which is financially able to maintain them. Such a carrier is the Northern Pacific. But, ignoring the Northern Pacific for the moment, one carrier both *willing and able* is Burlington Northern, Inc., the product of the successful application in the *Merger* proceedings. Although it is not yet in existence, we know that the new carrier will begin life in a strong financial condition and that in its bid for merger approval, it expressed willingness, even eagerness, to maintain both the Mainstreeter and the North Coast Limited. These and similar unusually specific pledges about continued and improved service unquestionably contributed to the public support the merger received and helped to dissolve the opposition. The promises were carefully stated under oath in the record in the merger proceeding; and we have every confidence that these promises will be honored as a covenant with the public whose support they, in effect, purchased.'

"Despite the heavy emphasis placed on the discontinuance of passenger service by many railroads and the overall decline of that service, railroads still retain the fundamental obligation to 'provide service if the public convenience and necessity require it and . . . this obligation is not automatically extinguished by an operating loss.' The Commission strongly supports this policy. Nothing in this report should be interpreted as representing a change in these attitudes in our administration of section 13a."

Our next witness is Senator Pell. Good morning, Senator.

STATEMENT OF HON. CLAIBORNE PELL, U.S. SENATOR FROM RHODE ISLAND

Senator PELL. Good morning, Mr. Chairman.

In 1961 your committee received a report of an exhaustive study of national transportation policy known as the Doyle report. One of the principal findings of the Doyle report was as follows:

> We believe that there will be an important demand for rail passenger service within the large urban regions developing in the United States. This requirement is ten to twenty years in the future.

Nine years have elapsed since the date of that report and each passing day the traffic jams on our major intercity highways and the delays in air flights at our major urban airports make the potential demand cited by the Doyle report an ever-increasing reality.

The Interstate Commerce Commission reports that the number of intercity trains are diminishing at a rate which will lead to their complete disappearance within a few years. The inability of the airways and the highways to meet present and future demands for safe, comfortable, and economic travel is becoming more and more obvious to all concerned with the lack of a national transportation policy. These facts have led me to the conclusion that the question for the Congress is not longer whether the Federal Government should provide assistance for intercity rail service, but the question now is, "In what form and through what institutional channels shall such Federal assistance be directed?

Rather than direct my comments toward the advantages and disadvantages of any particular bill pending before the subcommittee, I will focus my statement on three main points: first, some general principles to which I believe the Congress should adhere in preparing legislation to meet the rail crisis; second, the strategy that I would hope the Congress might follow in seeking a solution to our national rail crisis; and third, some suggestions as to what institutional forms should be considered as vehicles for Federal assistance to intercity passenger service.

GENERAL PRINCIPLES

The responsibility of the Federal Government for intercity and interstate rail transportation extends beyond regulatory control. The Federal Government has a positive responsibility to insure the existence of adequate interstate passenger service in whatever modes are best suited to meet passenger demand. A balanced national transportation policy requires Federal fiscal aid for the motorist, the bus passenger, the air passenger, and the rail passenger to be in a complementary form and in an amount sufficient to meet effectively the transportation demand at the most efficient level particular to each mode of interstate travel.

The Federal Government has the primary responsibility for national transportation planning. A balanced transportation policy can be best implemented by conditioning Federal financial assistance upon conformance to local, State, and national transportation plans.

Short distance intrastate passenger service should be considered as the primary fiscal responsibility of the States or local areas, while interstate passenger transportation should be the primary fiscal transportation concern of the Federal Government.

The Federal Government should, except on an experimental basis, avoid direct involvement in the actual management of any form of interstate transportation. As far as practical, it should deal at an arms length with the different private and public bodies having operationl responsibilities for interstate transportation.

Federal fiscal assistance should make maximum utilization of the private money market. Direct operational subsidies should be avoided to the maximum extent possible and should be undertaken only after a thorough consideration of capital assistance alternatives such as loan guarantees, forgiveness of Federal bankruptcy notes, and grants for the purchase of modern equipment and improvements in the right-of-way.

A POSSIBLE CONGRESSIONAL STRATEGY

The imminency of the complete disappearance of intercity passenger service in the United States demands that the Congress act first on a short run solution to the pending rail crisis before it undertakes extensive deliberations as to the long run solution to the Nation's intercity transportation problem. There have been more than enough studies of the inadequacies of our national transportation system. Congressional action should not be delayed until the completion of any further studies by the executive branch or outside groups.

As one witness before this subcommittee stated during the hearings: "The house is on fire now." The Congress should act now to maintain intercity rail passenger service. If Congress delays action on the rail crisis any longer, I am fearful that a point will have been passed where the cost of rehabilitating intercity train service will no longer be economically feasible due to increased freight traffic and the increasing deterioration of the road beds.

I would suggest that the more reasonable course for the Congress to follow in the short run would be the immediate passage of legislation designed to provide limited financial assistance for rail transportation in transportation corridors of the emerging megalopolitan areas of the country. The east coast megalopolis and the potential megalopolises of the Great Lakes region, the Northwestern Pacific region, southern California, the Dallas-Houston-New Orleans area, and the Kansas City-St. Louis area are areas of increasing urban density where intermediate distance rail passenger service can be expected to be the most economical and efficient mode of travel in the coming years. It is in the major urban corridors such as those I mentioned where there is the greatest potential demand for rail passenger service; and where, I believe, the Federal Government would be well advised to initiate its rail assistance programs.

ALTERNATIVE FORMS OF FEDERAL AID

There are many possible forms in which the Federal Government can provide financial assistance for intercity train service in megalopolitan areas of the country. I am of the general belief that the lack of imagination and desire to improve passenger service on the part of railroad management as well as the debt-ridden capital structure of our major railroads, often the result of earlier milking by ownership and management of the railroads resources, have been as much the

cause of their demise as has been the competition of federally assisted interstate highways and airways.

Since the railroads now lack the capital to maintain adequately their rights-of-way, and since they lack the capital to invest in modern high-speed equipment which is attractive to the passenger and capable of operation at a low maintenance cost, they have become less of a viable alternative to highway and airway travel than would normally have been the situation. Thus, I am basically disposed toward the consideration of innovative, technological, and capital assistance programs, rather than direct operating subsidies, as the means of Federal aid for intercity rail transportation.

In my mind, if the States could be encouraged to take the initiative, the first element of a shortrun plan to provide Federal assistance to the railroads would be the plan I described in my book, "Megalopolis Unbound."

"I would like to see State compact agreements established in the megalopolis of the eastern seaboard and in those emerging megalopolises in other areas of the country. These compacts would exist for the express purpose of owning, operating, and maintaining railroad passenger service within their own areas.

There would be several distinct advantages to such arrangements.

First of all, those authorities would, in one sweep, place regional rail passenger operations under one coherent, separate management thus removing it from its traditional position as a stepchild to freight service. It would, moreover, provide for this service a separate management that would be uniquely responsive to public needs, being an agency constituted by State governments, which are responsive to the electorate. The existing rail companies then would be free to concentrate on the essential and more economically feasible business of moving freight.

Second, the megalopolitan authorities, being the creature of government, could be exempt from all property and income taxes that have proven so burdensome and unfair to the private railroad lines.

Third, the public authorities, standing astride the whole breath of the megalopolitan areas, could coordinate and resolve, as no other agency could, the multitudinous local interests of the dozens of city, town, and county governments involved, as well as the States. A whole host of important problems—scheduling of service, changes in the right-of-way, terminal construction and management, connecting services, grade-crossing elimination and protection, community planning and economic development—could be brought into some kind of coherent relationship with the transportation system.

Fourth, the new public authorities having the prospect of revitalized and competitive service would offer a "new deal," new and increased job opportunities, and, in fact, a new opportunity for labor. Moreover, it would, I believe, create a substantially new demand for labor in all phases of transportation services, including connecting bus lines, terminal and supply operations, as well as for the operating brotherhoods of the railroad. Faced with expanding opportunities, organized labor hopefully would depart from the hard, defensive position into which it has been forced by the contractions in rail operations in recent years.

Finally, and most important of all, the new authority would have the resources to make technological innovations. By virtue of its special status as a semipublic agency, it would be able to raise ample capital on extremely favorable terms, thus acquiring for the passenger service the wherewithal for refurbishment, for which it has starved in recent years.

I believe, too, that the proposed authority should enjoy a Government guarantee of its financing and thus be able to raise easily and on favorable terms substantial amounts of capital from the private sector of the economy. The Government would guarantee to pay back the debt only in the event that an authority could not do so.

Such a procedure, I believe, makes far more sense and is apt to cost the public far less than outright subsidization because subsidies, once granted, are very difficult to discontinue; companies, like people, can become very comfortably accustomed to an assured handout of public money. A guarantee constitutes only a contingent liability for the Government—one that won't be invoked unless all other means fail to make ends meet—so there will be continuing pressures from public budget makers to keep costs down while still maintaining high-quality service to attract maximum patronage.

Ideally, such a guarantee could be extended by the various State governments in direct proposition to the volume of traffic that the rail system provides within each State. Under such arrangements, the interest on bonds issued by the public authority would be exempt from Federal income taxes, and in view of this advantage to the bondholder, the authority could pay a substantially lower rate of interest on the money thus saving, over the long run, vast sums that normally would have to be taken from revenues to service the debt.

As attractive as the State guarantee plan seems, it is rendered problematic in several instances by State constitutional restrictions against pledging State credit. The alternative, which would be almost as advantageous, would be for the Federal Government to guarantee the authority's bonds.

Even accepting the Federal Government's reluctance to grant tax-exempt status to such bonds, the bonds would still enjoy special status and far more favorable terms because of the Federal guarantee. But the greatest benefit of the Federal guarantee, aside from the general assurance of stability, probably would be an extension of the term of debt. Basically, the authority could take 30 to 40 years to pay off its debt instead of being saddled with the high initial costs of quick debt retirement.

The precedents for this sort of Federal guarantee are the authorities of the Civil Aeronautics Board to guarantee loans for purchase of aircraft for local air services and small airlines, the authority of the Maritime Administration to insure private construction loans and mortgages on most types of passenger- and freight-carrying vessels, and the authority of the Interstate Commerce Commission to guarantee short-term loans for the railroads.

The second element of a short-run plan to provide Federal assistance for intercity rail service, I believe, should be a Federal program of direct grants, guarantees, and loans for capital assistance and seed money to nonprofit rail passenger service corporations, such as the one now being formed in the New England area.

If the States are reluctant to form a compact or if there is already in existence a regional governmental body, such as the New England Regional Commission, which has the capacity to act as an appropriate conduit for Federal funds, I believe the Federal Government should have the authority to provide seed money and capital support to nonprofit regional rail passenger corporations which have the support of the States within the region and are willing to take over rail passenger service from the profitmaking railroad corporations in its region.

A third element of a short plan to provide Federal assistance for intercity rail service would be a limited Federal authority to give direct capital assistance to the railroads for the purchase of passenger equipment and other capital improvements until such time as a nonprofit corporation or a regional authority could assume management of the passenger service. I believe direct Federal assistance to the railroads should be provided on very cautious and conservative terms, so that the Federal Government's assistance to their rail service would not inhibit the rail companies from transferring their passenger service operations to public and private nonprofit authorities while they used their passenger subsidies to increase their profit margin in their freight and real estate operations.

A fourth element of a short-run plan would be authority for the Interstate Commerce Commission to require minimum standards for passenger rail service. While I do not believe this authority itself would provide the panacea for the problem of train discontinuances, I believe it would prevent the railroads from fostering unnecessary discontinuances through the discouragement of passenger service by poor service.

In the long run, I hope we can look toward Federal support for multimode intercity transportation through the provision of funds for regional transportation planning, the development of high-speed prototypes for intercity travel, such as tracked air-cushioned vehicles, and the purchase of new interstate rights-of-way for new forms of high-speed ground transportation.

The success of the high-speed ground transportation program in the northeast corridor, in which I have much paternal pride, demonstrates the feasibility and desirability of the Federal Government maintaining the role of innovator and supporter for technical development in intercity ground transportation.

I commend this committee for the attention it has given to the intercity rail crisis in its hearing. I hope that the hearing will represent the first step toward legislation in this session designed to save intercity rail transportation. As one long interested in the rail problem, I congratulate you on your work and your probing search and demand, not for studies, but for solutions.

Thank you, Mr. Chairman.

Senator HARTKE. The next witness will be Mr. George I. Bloom, chairman of the Pennsylvania Public Utility Commission, second vice president of the National Association of Regulatory Utility Commissioners.

STATEMENT OF GEORGE I. BLOOM, CHAIRMAN, PENNSYLVANIA PUBLIC UTILITY COMMISSION, SECOND VICE PRESIDENT OF THE NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS; ACCOMPANIED BY MERLE A. FORST, DIRECTOR OF TRANSPORTATION, PENNSYLVANIA PUBLIC UTILITY COMMISSION AND SECOND VICE PRESIDENT OF THE NATIONAL CONFERENCE OF STATE TRANSPORTATION SPECIALISTS; AND PAUL RODGERS, GENERAL COUNSEL AND ADMINISTRATIVE DIRECTOR, NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

Senator HARTKE. Good morning, sir.

For the record would you identify the people with you, please?

Mr. BLOOM. Yes.

Senator Hartke, my name is George I. Bloom and I am second vice president of the National Association of Regulatory Utility Commissioners, commonly known as the NARUC. I am also chairman of the Pennsylvania Public Utility Commission and with me this morning on my right is Paul Rodgers, general counsel for NARUC, and on my left, Merle A. Forst, director of the bureau of transportation of the Pennsylvania Utility Commission and second vice president of the National Conference of State Transportation Specialists.

The NARUC is a quasi-governmental nonprofit organization founded in 1889. Within its membership are the governmental bodies of the 50 States and of the District of Columbia, Puerto Rico, and the Virgin Islands engaged in the regulation of carriers and utilities. Our chief objective is to serve the public interest through the improvement of Government regulation.

The members of the NARUC appreciate the opportunity you have given me as their spokesman to make their views known on S. 674, S. 2750, S. 2865, S. 2887, Senate Concurrent Resolution 32, Senate Joint Resolution 120, and Senate Joint Resolution 129, which propose revisions of passenger train discontinuance procedures under section 13a of the Interstate Commerce Act, studies of essential railroad passenger service, and Federal financial assistance to retain and improve such service.

We of the NARUC are vitally concerned with the development of a sound and adequate rail passenger service which will be responsive to the needs of a growing America.

We believe that the decline in the use of rail passenger service is merely a temporary episode in the Nation's transportation history because the crowded airways and clogged highways of America will not be equal to tomorrow's transportation tasks.

It seems to us quite important to make a determined effort to preserve essential rail transportation because our trend of rapid urbanization and population growth unmistakably foretell that America will have to return to the use of widespread rail passenger service.

Proposed revision of passenger train discontinuance procedures

A simple amendment to section 13a of the Interstate Commerce Act will of course not solve our rail passenger problem. However, the proper amendment of section 13a will be an important tool in con-

serving a nucleus of rail passenger service to provide the foundation for expanding to meet tomorrow's transportation needs.

Section 1 of S. 2887 is particularly beneficial in this regard because it contains provisions for: (1) additional time during which the Interstate Commerce Commisison could consider the initial notice of discontinuance filed by a carrier; (2) additional time for the Commission to conduct hearings and determine a section 13a proceeding in those instances where an investigation of a proposed discontinuance is ordered; (3) specifically assigning the burden of proof to the carrier proposing a discontinuance or change; (4) special procedures for the handling of section 13a(1) cases involving the last interstate passenger service between two points; (5) additional time for State agencies to consider and act upon section 13a(2) applications; (6) clarifying the right of judicial review; and (7) certain other technical improvements.

We believe these proposals contained in S. 2887 are fair and reasonable to all concerned and, if adopted, will improve the effectiveness of section 13a as an instrument of Government policy relative to the preservation of essential rail passenger service.

In addition, we propose four amendments to section 1 of the bill.

First, we believe it should be amended to specifically confer upon the ICC the power to fashion appropriate conditions pertaining to operations and service of all passenger trains subject to its jurisdiction under section 13a. Such an important regulatory power should not be limited to "last trains" as now proposed by S. 2887.

Second, we urge that S. 2887 be amended to provide that proposals filed under section 13a(1), concerning trains crossing State borders, would be first heard and determined by a joint board of State commissioners when the proposed discontinuance involves not more than nine States. Such a joint board would be constituted in a manner similar to the joint boards which are now provided for in part II of the Interstate Commerce Act, 49 U.S.C., sec. 305.

The joint board procedures has worked successfully in motor carrier regulation and has significantly strengthened Federal-State relations. We believe it should be extended to section 13a.

Under our amendment, a section 13a joint board would apply the same legal standards for deciding proposed discontinuances as are now applied by the ICC. On appeal, the ICC could deverse or modify the decision of the joint board if it determined that the board failed to apply the proper legal standards on the basis of the findings of fact made by the board.

The use of the joint board procedure would not unduly lengthen the administrative process because it would be largely a substitute for preliminary consideration of discontinuance petitions by the ICC.

We believe that a joint board composed of State commissioners applying national standards will give a proper balance to regional and national needs in passenger train discontinuance cases. If the joint board errs in its decision then, of course, the ICC would be free on appeal to correct any misapplication of national standards.

Third, we believe that section 13a should be amended to provide that a railroad shall not discontinue or change passenger train service unless it first gives notice to the public and to the Interstate Commerce Commission. Under the present law, a railroad is free to discontinue

or change passenger train service without notice if the State for some reason does not require continuation of such service. We believe that such a loophole is adverse to the public interest.

Fourth, we recommend that hearings under section 13a be made mandatory when requested by an aggrieved party. The discontinuance of what passenger train service remains is much too important a matter to be permitted without a hearing when one is requested.

Proposed studies of rail passenger service

We also support section 2 of S. 2887 which proposes authorization for a study of essential railroad passenger service by the Secretary of Transportation in cooperation with the ICC and other interested Federal agencies. Such a study is urgently needed at this time in order to assist the Congress in formulating new policy in this difficult area.

In order to add an important dimension to the study and to strengthen Federal-State cooperation in this matter, we strongly urge that section 2 be amended to require the Secretary of Transportation, in conducting the study, to also cooperate with representatives of State regulatory agencies selected in consultation with the NARUC.

At the bottom of page 6, we have a second amendment and where that would fit into that bill.

If the subcommittee decides to report Senate Concurrent Resolution 32, Senate Joint Resolution 120, Senate Joint Resolution 129, or a similar measure proposing a study or investigation of rail passenger service, we respectfully urge that such measure be amended to include active State participation in a manner analogous to our proposal for section 2 of S. 2887.

We believe that the enactment of S. 2887, with the amendments we propose, will significantly strengthen the ability of regulators to protect the public interest in section 13a cases and at the same time will permit the railroads to discontinue passenger service which unduly burdens interstate commerce.

Proposed Federal financial assistance

The financial plight of our intercity rail passenger service was forcefully illustrated on July 17, 1969, when the Interstate Commerce Commission completed an analysis of the costs to eight railroads in conducting intercity passenger operations and advised the Congress that, without a major change in Federal and carrier policies, significant segments of present intercity service to points outside of high-density population corridors will not survive the next few years.

The Commission emphasized the need for immediate legislative action if a minimal network of passenger service is to be preserved and massive capital outlays for equipment avoided.

These eight railroad systems accounted for more than 40 percent of the Nation's noncommuter rail passenger miles in 1968. The objective of the investigation was to estimate the amount that selected railroads could have saved if they had not operated intercity passenger service in 1968. The operations and costs examined did not include frequent train operations in densely populated corridors, such as the northeast corridor.

The cost calculations were based on the concept of net avoidable expenses—expenses, rents, and taxes—excluding income taxes—which could be eliminated following a complete discontinuance of service,

less the revenues which would be lost and any additional expenses later incurred.

It was found that the net avoidable expenses totaled $118 million for 1968 compared with a full deficit of $214.3 million reported by the eight carriers under the Commission's accounting rules for the separation of freight and passenger expenses.

Under the net avoidable expense concept the rail systems studied eventually would have saved, before income taxes, $118 million more in expenses than they would have lost in revenues. For every $1 in revenues these carriers, as a group, would have lost by not operating any intercity passenger service, they would have avoided $1.83 in expenses.

The report observed that the Nation's intercity rail passenger service declined rapidly during the past two decades. In 1967 a sharp curtailment occurred and in 1968 intercity passenger miles decreased 20 percent from 1967, the largest relative decline in any year since the post-World War II era.

In June 1968 there were some 590 regular intercity trains. Today, less than 500 are in scheduled service. A number of the last trains which are still operating have been proposed for discontinuance because of increasing losses. Approximately 50 of the remaining intercity trains are presently involved in discontinuance proceedings before the ICC.

While the investigation cannot be used to pinpoint the burden of intercity passenger service provided by lines other than the eight analyzed, the results for the study carriers indicated that most of the remaining intercity passenger service, except for possibly high-frequency operations in such places as the northeast corridor, appears to be in serious financial condition.

Under the present law, carriers cannot be required to continue operation of trains which constitute unreasonable financial burdens. As a result of its investigation, the Commission concluded that—

> Government subsidies or other forms of substantial Federal aid may well be necessary to continue the operation of intercity passenger trains. Should the public need for such service warrant retention of these trains that cannot be operated without significant losses, we would support a program of Federal aid to carriers. The first step, however, is to find out what service the public needs and how much that level of service would cost.

The Commission noted that while implementation of such remedial measures as tax relief, lower labor costs, and Federal assistance for capital expenditures and market research "can all help to trim the losses; they're not sufficient by themselves to eradicate the problem."

In view of this analysis and the experience of the past two decades, we believe that Federal and State financial assistance is now required if our privately owned and operated railroad industry is to maintain a nucleus of rail passenger service to provide the foundation for expanding to meet tomorrow's transportation needs.

May I say at this point that I am expressing the view of the National Association of Regulatory Utility Commissioners. I do not want it understood that I am in any way trying to usurp the prerogative of the Governor of Pennsylvania, or the legislature of our State.

I can point out, however, the fact that in our State we have made appropriations for assistance and subsidies to SEPTA, an authority in southeastern Pennsylvania for the operation of mass transportation,

and we have made appropriations to assist in rendering adequate service between Harrisburg, Pa., and Philadelphia.

So that our legislature and our Governor have approved of State help in this direction.

Accordingly we propose the Regional Intercity Rail Passenger Service Authority Act of 1969, the text of which is reproduced in appendix B to this statement. I especially request that both appendixes A and B be printed in the record at the end of the statement.

Senator HARTKE. Yes; they will be made a part of the record.

Mr. BLOOM. Thank you.

Under this proposed legislation, congressional consent would be given to the individual States to enter into regional compact for the purpose of creating multistate authorities to assist railroads in operating regional intercity passenger rail transportation systems.

The regional authorities would be authorized to purchase and to rehabilitate existing passenger equipment, and to purchase new equipment, such as high-speed trains. The equipment in this car pool would be leased, on attractive terms, by the regional authorities to railroads to operate modern intercity passenger service.

The States, through the regional authorities, would provide 30 percent of the necessary funding, and the Federal Government, through the Secretary of Transportation, would provide matching funding to cover the remaining 70 percent of the cost. The investment of Federal funds in regional intercity rail passenger systems would be upon terms and conditions prescribed by the Secretary of Transportation in accordance with the objectives of the proposed legislation.

We believe that the enactment of the proposed Regional Intercity Rail Passenger Service Authority Act of 1969 would stimulate a vibrant Federal-State partnership in railroad passenger service which draws fully upon the vast resources of both.

In conclusion, we look forward to working with this subcommittee and other interested parties in our untiring effort to strengthen the effectiveness of public regulation in the field of railroad passenger service, and to heighten its responsiveness to the needs of a changing America.

Thank you for your attention.

(Appendixes A and B follow:)

APPENDIX A

In order to permit the use of state joint boards in proceedings under Section 13a, the NARUC recommends that the following provisions be added at the end of such Section:

"(3)(a) Not withstanding the provisions of subsection (1) of this section, where the discontinuance or change, in whole or in part, by any carrier subject to this part, of the operation or service of any train or ferry operated in service in a plural number of states not in excess of nine is prohibited by any provision of the constitution or statutes of any state or any regulation or order of (or are the subject of any proceeding pending before) any court or an administrative or regulatory agency of any state, and where such carrier desires to discontinue or change, in whole or in part, the operation or service of any such train or ferry, such carrier shall petition the Commission for authority to effect such discontinuance or change. Within five days after the receipt of such petition, the Commission shall forward written notification thereof to the state commission of each state involved and advise that it is entitled to furnish one official to serve as a member of a state joint board established under the provisions of this subsection to hear and decide such petition, provided that the state

commission certifies the name, title and address of its official to the Commission within fifteen days after receipt of such written notification from the Commission. A state commission which fails to make a timely certification of its official shall forfeit its right to furnish a member for such state joint board.

"(b) Upon the expiration of such fifteen day period, the Commission shall issue an order showing the names, titles and addresses of the state officials so certified and shall specify a time (within thirty days after the date of the order) and place (within the area involved) for them to convene to hear and decide such petition. The state joint board shall be composed solely of the state officials so named in such order and each shall have one vote in the deliberations of the board. All decisions by a joint board shall be by majority vote. The Commission shall designate an examiner to advise with and assist the state joint board in handling the case. The Commission shall also provide necessary stenographic assistance. A state joint board shall be vested with the same rights, duties, powers, and jurisdiction as are vested in members or examiners of the Commission to whom a matter is referred for hearing. An order of a state joint board shall be deemed an order of the Commission unless reversed or modified by the Commission. Members of a state joint board when administering the provisions of this subsection shall receive such allowances for travel and subsistence expenses as the Commission shall provide. A substitution of membership upon a joint board from any state may be made at any time by the certification of a successor by the state commission and recognition of the successor by the Commission.

"(c) The petitioner shall have the burden of proving the allegations of the petition. If, after hearing, the state joint board finds that public convenience and necessity do not permit the proposed discontinuance or change, in whole or in part, and that the continued operation or service of such train or ferry without discontinuance or change, in whole or in part, will not unduly burden interstate or foreign commerce, the state joint board may by order require the continuance of operation or service, in whole or in part, subject to such terms, conditions, and modifications pertaining to operations or service as it shall find to be reasonable and just, for a period not to exceed one year from the date of such order. Otherwise, the state joint board shall by order permit the discontinuance of operation or service of such train or ferry, in whole or in part, to become effective seventy days after the date of the order. The state joint board shall immediately certify its findings and order to the Commission and shall serve a copy thereof on the petitioner and each intervenor in the case. On the expiration of an order of the state joint board after such investigation requiring the continuance of operation or service, the jurisdiction of any State as to such discontinuance or change shall no longer be superseded unless the procedure provided by this subsection shall again be invoked by the petitioner.

"(d) Within thirty days after the date of such findings and order by the state joint board, an aggrieved party may appeal same to the Commission. On appeal, the Commission shall review the record of the proceeding before the state joint board and correct any legal errors found therein. The Commission shall be bound by the findings of fact made by the state joint board if supported by evidence. The Commission shall decide the appeal within thirty days after the date of appeal.

"(e) If the state joint board fails to issue its findings of fact and order in the proceeding within one hundred and fifty days after the date of the Commission order showing the membership of the board and appointing a time and place for convening, the petitioner then, and only then, shall be entitled to pursue the remedy prescribed in subsection (1) of this section for obtaining such discontinuance of or change in operation or service of the train or ferry.

"(f) As used in this subsection: the term 'state commission' shall mean the state commission, board or official engaged in the regulation of railroad rates and services, or if none, the governor of the state; and the term 'state' shall include the District of Columbia."

APPENDIX B

A BILL To encourage the development and preservation of a modern and efficient intercity passenger rail transportation service in the United States by granting the consent and approval of Congress to the States to negotiate and enter into compacts to create their own regional intercity rail passenger service authorities, and by providing financial assistance to such authorities, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—GENERAL PROVISIONS

SECTION 101. *Short Title.*—This Act may be cited as the "Regional Intercity Rail Passenger Service Authority Act of 1969".

SEC. 102. *Statement of Findings and Declaration of Policy.*—The Congress finds that modern, efficient, intercity railroad passenger service is a necessary part of a balanced transportation system; that the public convenience and necessity requires the continuance and improvement of such service to provide low-cost transportation between crowded urban areas and in increasingly isolated rural areas; that rail passenger service can help to end the congestion on our highways and the overcrowding of our airlanes and airports; that the traveler in America should have freedom to choose that mode of travel most convenient to his needs; that to achieve these goals requires the restructuring and reequipment of existing passenger service; that the railroads have an obligation to provide good passenger service to the public; that the railroad industry cannot accomplish this task relying on its own financial resources alone; that government assistance is required to assist the railroads in meeting their public utility obligation; and therefore, it is the purpose of this Act to authorize Regional Intercity Rail Passenger Service Authorities to purchase, rehabilitate, lease, service, maintain, and repair intercity railroad passenger equipment.

SEC. 103. *Definitions.*—For the purposes of the Act—

(a) "Authority" means a Regional Intercity Rail Passenger Service Authority created pursuant to title II of this Act.

(b) "Fund" means the railroad passenger equipment operating fund established by section 307 of this Act.

(c) "National organization of the State commissions" means the national organization of the State commissions referred to in sections 202(b) and 205(f) of the Interstate Commerce Act, as amended.

(d) "Railroad" means a common carrier by railroad, as defined in section 1 of the Interstate Commerce Act, as amended.

(e) "Railroad passenger equipment" means locomotives, cars, and other vehicles used or to be used for or in conjunction with the intercity transportation of passengers by railroad.

(f) "Rehabilitation" and "rehabilitate" mean a substantial rebuilding or alteration of railroad passenger equipment so as to significantly improve its operating efficiency and its attractiveness to passengers, and also includes extensive repairs made necessary on account of the equipment having been permitted to substantially deteriorate.

(g) "Repair" and "repairs" mean such periodic repair work on railroad passenger equipment as must be performed in a repair shop, but which does not involve substantial rebuilding or alteration of the equipment, nor its rehabilitation after a period during which it has been permitted to substantially deteriorate.

(h) "Secretary" means Secretary of Transportation or his delegate.

(i) "Service and maintain" and "servicing and maintenance" means the day-to-day upkeep of railroad passenger equipment, including the performance of minor running repairs of a nature that can be performed in a terminal facility without the necessity of taking the equipment to a repair shop.

(j) "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

(k) "State Commission" means the State department, commission, agency, officer, or official authorized by State law to engage in the regulation of railroad rates and services.

(l) "Total operating expense" means and includes all expenses of a Regional Intercity Rail Passenger Service Authority incurred in the administration of its functions under this Act and in the servicing, maintenance, and repair of railroad passenger equipment, but does not include the cost of purchase or rehabili-

tation of railroad passenger equipment, nor the cost of purchase of plant facilities, tools, equipment, and other instrumentalities for the rehabilitation and repair of railroad passenger equipment.

SEC. 104. *Act Controlling.*—Insofar as the provisions of any other laws are inconsistent with the provisions of this Act, the provisions of this Act shall be controlling.

TITLE II—REGIONAL INTERCITY RAIL PASSENGER SERVICE AUTHORITY

SEC. 201. *Consent and Approval of Compact.*—The consent and approval of Congress is hereby given to the individual States to negotiate and enter into regional rail authority compacts for the purpose of creating multistate authorities to assist railroads in operating regional intercity passenger rail transportation systems, provided that the number of States entering into any one such compact shall not exceed nine. Such compacts shall be as follows:

"REGIONAL INTERCITY RAIL PASSENGER SERVICE AUTHORITY COMPACT

"The States of (enter names of states), hereinafter collectively referred to as signatories, any one of them being referred to as a signatory, do hereby covenant and agree as follows:

"ARTICLE I

"There is hereby created the (enter name of region) Regional Intercity Rail Passenger Service District, hereinafter referred to as the 'District,' which shall embrace the States of (enter names of signatories).

"ARTICLE II

"The signatories hereby create the (enter name of region) Regional Intercity Rail Passenger Service Authority, hereinafter referred to as the 'Authority', which shall be a body corporate and politic having the powers and jurisdiction hereinafter enumerated, and such other and additional powers and duties as may be conferred upon it by the legislatures of the signatories and concurred in and approved by the Congress. The Authority shall have the right and authority to assist railroads in operating rail passenger transportation systems within the District.

"ARTICLE III

"1. The Authority shall consist of a Board of Commissioners, three commissioners to be appointed by each of the signatories as follows: one shall be appointed by the Governor; one shall be appointed by the Legislature; and one shall be a member of the State Commission appointed by the State Commission.

"2. The Authority shall have a Federal representative, if such a representative is appointed by the Secretary of Transportation pursuant to title IV of this Act. The function of such representative shall be (a) to have the authority to veto any expenditure of funds of the Federal Government pursuant to such title IV, and (b) to report to the Secretary of Transportation with respect to the activities of the Authority.

"3. No Commissioner shall have financial interest in any corporation or other entity engaged in the business of providing public passenger transportation within the District or engaged in the manufacture or selling of passenger transportation facilities.

"4. The Authority shall elect a chairman from its number and may appoint such other officers as it may require for the performance of its duties and shall fix and determine their qualifications and duties.

"5. Each Commissioner shall receive basic compensation at the rate of $100 per diem, to be paid by the Authority as current expenses. Commissioners shall be reimbursed for actual expenses, including traveling and subsistence expenses incurred by them in the performance of their duties.

"6. The Authority shall appoint an Executive Director, who shall be responsible for the day-to-day management of the business conducted by the Authority. The Executive Director shall receive compensation at the rate fixed by the Authority.

"7. In addition, the Authority may employ such engineering, technical, legal, clerical, and other personnel on a regular, part-time, or consulting basis as in its judgment may be necessary for the discharge of its functions. The Authority

shall not be bound by any statute or regulation of any signatory in the employment or discharge of any officer or employee, except as may be contained in this compact.

"ARTICLE IV

"No action may be taken by the Authority unless a majority of the Commissioners concur therein, but nothing in this Article shall be construed to limit in any respect the power of the Authority to delegate to its officers and employees the administration of such matters as it deems advisable. A number more than half of the total number of Commissioners shall constitute a quorum of the Authority.

"ARTICLE V

"Except as otherwise specifically provided in this compact, the Authority shall have power to:

"(1) adopt, alter, and use a corporate seal, and such seal shall be judicially noticed;

"(2) adopt, amend, and repeal its own by-laws, rules, and regulations;

"(3) sue and be sued in its corporate name in any court of competent jurisdiction;

"(4) make contracts, as authorized in this compact;

"(5) accept gifts or donations of property;

"(6) acquire, by purchase, lease, condemnation, or in other lawful manner, any property whether real, personal, or mixed, tangible or intangible, and any interest therein; hold, maintain, use, and operate such property; sell, lease or otherwise dispose of the same at such time, in such manner, and to the extent deemed necessary or appropriate to carry out its functions;

"(7) enter into agreements with railroads, government agencies or other persons for the operation of their facilities, the use of their operating rights, or the provision of passenger transportation services making use of other facilities and operating rights;

"(8) determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid;

"(9) exercise the powers vested in the Authority pursuant to title III of the Regional Intercity Rail Passenger Service Authority Act of 1969;

"(10) execute, in accordance with its by-laws, rules or regulations all instruments necessary or appropriate in the exercise of any of its powers;

"(11) settle and adjust claims held by it against other persons or parties and by other persons or parties against it; and,

"(12) take such actions as may be necessary or appropriate to carry out the powers and duties specifically conferred upon it by this compact.

"ARTICLE VI

"1. The Authority shall annually submit to each of the signatories a budget of requirements for the next ensuing year. To the extent that revenues from operations conducted by the Authority, and Federal funds paid pursuant to title IV of this Act, are inadequate to meet the expenses of the Authority, such expenses shall be borne by each of the signatories in the proportion that the number of passenger miles traversed by passengers boarding from terminals within each state bears to the total number of passenger miles travelled on railroads owned, leased or otherwise operated by the Authority within the District. The percentage of such expenses to be borne by each of the signatories shall be set forth in such budget and shall be subject to the approval of the Governor of such signatory.

"2. The signatories agree to appropriate for the expenses of the Authority their proportion of the budget determined in the manner set forth herein and to pay such appropriation to the Authority.

"3. The Authority shall keep accurate books of account, showing in full its receipts and disbursements, and said books of account shall be open at any reasonable time for inspection by such representatives of the respective signatories as may be duly constituted for that purpose.

"ARTICLE VII

"This compact shall become effective ninety (90) days after the date of adoption thereof by the last signatory to adopt such compact.

"ARTICLE VIII

"This compact may be amended from time to time with the consent of all of the signatories and the Congress of the United States.

"ARTICLE IX

"Each of the signatories pledges to each of the other signatories faithful cooperation in the promotion of intercity passenger rail transportation within the Region and, in furtherance thereof, agrees to enact any necessary legislation to achieve the objectives of this compact.

"ARTICLE X

"1. If any part or provision of this compact or the application thereof to any person or circumstances be adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision or application directly involved in the controversy in which such judgment shall have been rendered and shall not affect or impair the validity of the remainder of this compact or the application thereof to other persons or circumstances and the signatories hereby declare that they would have entered into this compact or the remainder thereof had the invalidity of such provision or application thereof been apparent.

"2. In accordance with the ordinary rules for construction of interstate compacts, this compact shall be liberally construed to effectuate the purposes thereof.

"ARTICLE XI

"Other States may join this compact on the same terms and under the same obligations as set forth in the preceding articles of this compact with the consent of all of the signatories and the Congress of the United States."

SEC. 202. *Single-State Regions.*—An individual State may create a Regional Intercity Rail Passenger Service District whose boundaries lie entirely within the boundaries of the State. Such State may also create a Regional Intercity Rail Passenger Service Authority to assist railroads in operating rail passenger transportation systems within such District. Such Authority shall consist of a Board of Commissioners composed of three members to be appointed as follows: one shall be appointed by the Governor; one shall be appointed by the Legislature; and one shall be a member of the State Commission appointed by the State Commission. Such Authority shall be a body corporate and politic and shall have all of the powers and jurisdiction vested in a multi-State Authority created under Section 201 of this title, and all of the provisions of section 201 shall apply to an Authority created under this section except those of an essentially multi-State character.

TITLE III—PURCHASE, REHABILITATION, LEASE, SERVICING, MAINTENANCE, AND REPAIR OF RAILROAD PASSENGER EQUIPMENT AND PLANT FACILITIES

SEC. 301. *Purchase and rehabilitation of existing railroad passenger equipment.*—(a) A Regional Intercity Rail Passenger Service Authority, created under title II of this Act, is authorized to purchase existing railroad passenger equipment which, in its judgment, is capable of providing efficient, dependable, and attractve railroad passenger service or which, in its judgment, could be economically rehabilitated to provide such service.

(b) An Authority is authorized to contract for such rehabilitation with persons or corporations as in its judgment are capable of performing the work in an efficient and economical manner.

SEC. 302. *Purchase of new railroad passenger equipment.*—An Authority is authorized to purchase new railroad passenger equipment of such type and design as, in its judgment, would enable the provision of efficient, dependable, and attractive railroad passenger service.

SEC. 303. *Lease of railroad passenger equipment.*—(a) An Authority is authorized to lease railroad passenger equipment to any railroad or railroads, or to any regional transportation authority established other than under the provisions of this Act.

(b) Leases shall be either for individual equipment trips or for a fixed term. Rental for trip leases shall be computed on the basis of actual miles operated in revenue service or on such other basis as the Authority may determine.

(c) The Authority shall set lease levels at such a level that the total operating expense, as heretofore defined, is met by such rentals.

(d) During the term of leases, lessees shall adequately service and maintain the equipment except to the extent this work is to be performed by the Authority as specifically provided for in the lease. Lessees shall comply with all governmental laws, regulations, and requirements, and with such rules and regulations as the Authority may establish with respect to the maintenance, use and operation of railroad equipment.

(e) Railroad lessees shall have the right to arrange for movement of leased equipment over the lines of other railroads, either within the continental United States or beyond the limits thereof, in accordance with normal arrangements for the interchange of such equipment between them.

SEC. 304. *Servicing, maintenance, and repair of railroad passenger equipment.*—(a) The Authority is authorized to service, maintain, and repair railroad passenger equipment acquired under the provisions of sections 301 and 302 above, except to the extent that lessees are obligated to perform such functions in accordance with the provisions of section 303(d) above. In exercising this authority, the Authority may contract for such servicing, maintenance, and repair with persons or corporations as in its judgment are capable of performing such functions in an efficient and economic manner, and may acquire, by yurchase or lease, and operate servicing and maintenance facilities at such locations as it deems expedient.

(b) The Authority is authorized to service and maintain railroad passenger equipment owned by any railroad or railroads at facilities operated by the Authority under subsection (a) above. Remuneration to the Authority shall be at least equal to the incremental cost of performing such work.

SEC. 305. *Provision of modern plant facilities, tools, equipment, and other instrumentalities for the rehabilitation and repair of railroad passenger equipment.*—The Authority is authorized to purchase plant facilities, tools, equipment, and other instrumentalities for the rehabilitation and repair of railroad passenger equipment, and to lease these items to persons or corporations whom it has contracted with to rehabilitate and repair railroad passenger equipment under the provisions of sections 301(b) and 304(a) above. The Authority shall fix rentals for such leases which shall be at least equal to the cost of the item amortized over its normal service life.

SEC. 306. *Protective arrangements for employees; labor standards.*—(a) In carrying out the provision of this Act, the Authority shall provide fair and equitable arrangements, as determined by the Secretary of Labor, to protect the interests of employees who are affected by any action of the Authority authorized by this Act. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) to such employees under existing collective bargaining agreements or otherwise; (2) the continuation of collective bargaining rights; (3) the protection of such individual employees against a worsening of their positions with respect to their employment; (4) assurances of priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. Such arrangements shall include provisions protecting individual employees against a worsening of their positions with respect to their employment which shall in no event provide benefits less than those established pursuant to section 5(2)(f) of the Interstate Commerce Act. Any contract entered into pursuant to the provisions of section 301, 302, 304 or 305 of this Act shall specify the terms and conditions of such protective arrangements.

(b) The Authority shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors and subcontractors in the performance of construction work financed with the assistance of funds received under any contract or agreement entered into under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Authority shall not enter into any such contract or agreement without first obtaining adequate assurance that required labor standards will be maintained on the construction work. The Secretary of Labor shall have with respect to the labor standards specified in this para-

graph, the authority and functions set forth in the Reorganization Plan Number 14 of 1950, and section 2 of the Act of June 13, 1934 (40 U.S.C. 276(c)).

SEC. 307. *Establishment of operating fund.*—A railroad passenger equipment operating fund (hereinafter referred to as the "fund") shall be established by each Authority as a separate fund subject to withdrawal by check by the Authority. There shall be deposited in the fund the following items:

(a) payments received by the Authority for the lease of railroad passenger equipment pursuant to section 303 of this Act;

(b) payments received by the Authority for the servicing and maintenance of railroad passenger equipment pursuant to section 304(b) of this Act;

(c) payments received by the Authority for the lease of plant facilities and other items pursuant to section 305 of this Act;

(d) payments received by the Authority for the sale or other disposition of railroad passenger equipment, facilities, and other items, which in its judgment are no longer needed to carry out its functions under this Act, such sale or disposition to be made in accordance with applicable law governing disposal of surplus Government property; and

(e) funds provided by the Secretary as authorized by title IV of this Act.

SEC. 308. *Use of fund.*—(a) The Authority shall use the moneys in the fund to pay all the expenses and costs of the administration and operation of its functions under this Act, including, but not limited to—

(1) purchase and rehabilitation of existing railroad passenger equipment;

(2) purchase of new railroad passenger equipment under section 302 of this Act;

(3) servicing, maintenance, and repair of railroad passenger equipment under section 304(a) of this Act;

(4) purchase of plant facilities and other items under section 305 of this Act;

(5) purchase or lease of necessary office and warehouse facilities, materials, and supplies; and

(6) salaries, wages, and related retirement and other employee benefit contributions.

SEC. 309. *Laws applicable.*—Railroad passenger equipment, while the same is under lease, shall be and remain subject to applicable provisions of the Interstate Commerce Act and other governing statutes and to the exercise of jurisdiction by the Interstate Commerce Commission and the Federal Railroad Administration pursuant thereto, and the Authority shall comply with the provisions of section 20c of the Interstate Commerce Act by filing with the said Commission a copy of all leases entered into under the provisions of this Act: *Provided, however,* That neither the Authority nor any of its functions pursuant to this Act, other than as above specifically set forth, shall be subject to the Interstate Commerce Act or to the exercise of any jurisdiction by the said Commission.

TITLE IV—FEDERAL FINANCIAL ASSISTANCE

SEC. 401. *Grant-in-aid.*—In order to provide assistance in carrying out the purposes of this Act, the Secretary may, after consultation with and consideration of the views and recommendations of the Authority and the Interstate Commerce Commission and upon terms and conditions prescribed by him and consistent with the provisions of this Act, pay out of funds appropriated or otherwise made available up to 70 per centum of the cost of the personnel, equipment and activities of the Authority reasonably required, during the ensuing fiscal year, to effectively administer the provisions of this Act. No such payment may be made unless the Authority gives assurances satisfactory to the Secretary that the Authority will provide the remaining cost of such personnel, equipment and activities.

SEC. 402. *Audit of Contracts.*—Each agreement or contract entered into under this Act, involving the use of grants-in-aid paid pursuant to section 401 of this title, shall provide that the Secretary and the Comptroller General of the United States, or any of their duty authorized representatives, may, for the purpose of audit, and examination, have access to any books, documents, papers, and records of the parties to such agreement or contract which are pertinent to the operations or activities under such agreement or contract.

SEC. 403. *Federal representative on authority and other assistance for Secretary.*—(a) In order to more effectively carry out his functions pursuant to this

title, the Secretary may appoint a Federal representative to each Authority as authorized in title II of this Act.

(b) To permit the Secretary to make use of such other expert advice and services as he may require in carrying out the provisions of this title, he may use available services and facilities of other departments, agencies, and instrumentalities of the Federal Government, with their consent and on a reimbursable basis where necessary.

(c) Departments, agencies, and instrumentalities of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act.

SEC. 404. *Annual report to Congress.*—The Secretary shall submit to Congress on the first day of each regular session an annual report setting forth a statement of his expenditures and other activities pursuant to this Act during the previous fiscal year.

SEC. 405. *Information furnished to congressional committees.*—The Secretary shall, if requested by any appropriate committee of the Senate or House of Representatives, furnish such committee with information concerning activities carried out under this Act.

SEC. 406. *Authorization of appropriations.*—There are hereby authorized to be appropriated such sums as may be necessary to assist the Authorities in carrying out the purposes of this Act, but not to exceed $---------- for the fiscal year ending June 30, 1970; $---------- for the fiscal year ending June 30, 1971; $---------- for the fiscal year ending June 30, 1972; and $---------- for the fiscal year ending June 30, 1973.

Senator HARTKE. Thank you, Mr. Bloom.

Senator Cannon?

Senator CANNON. No questions.

Senator HARTKE. Let me ask you, Mr. Bloom, do you have any assurances that if such a regional concept were adopted that any of the railroads would be interested in cooperating with such a program?

Mr. BLOOM. No, sir; I can't answer that definitely that they would, but I think it is something that is worthwhile exploring as to see whether they would be interested in working out regional authorities who could be of assistance by cooperation between the States and the Federal Government. And I think that the interest and help that you would get at the State level would certainly, in conjunction of course with the Federal Government, who would be putting in the 70 percent, would be very beneficial. The relationship between State and Federal Government would be of great help to the railroad system.

Senator HARTKE. I am quite in agreement with you that some type of regional authority certainly ought to be advanced in a number of fields of transportation. But I just wonder whether we really can envision that this can be done. That would put us off into a couple of years in advance from this, because you would need implementing legislation from the State legislatures, would you not?

Mr. BLOOM. Yes, I think you would.

Senator HARTKE. And appropriations.

Mr. BLOOM. The same as you do with the compacts, where you have to have both congressional approval of the compact and the State legislature's approval.

Senator HARTKE. In regard to adequacy of service, do you agree with the Interstate Commerce Commission that the question of adequacy of service has been beyond the capabilities of the State agencies, the State public utility regulatory agencies?

Mr. BLOOM. I don't think it is beyond, in Pennsylvania I don't think it is beyond our ability to regulate the quality of it. Although we don't attempt to try to do it on interstate trips.

Senator HARTKE. You do not do it on interstate carriers?

Mr. BLOOM. No, Senator.

Senator HARTKE. Senator Cannon?

Senator CANNON. You say you don't regulate interstate carriers. Does this mean there is no regulation at all on interstate carriers as to standards of service?

Mr. BLOOM. Yes; we do in the State, but only as far as Pennsylvania is concerned. We have no jurisdiction to go beyond our own State.

Senator CANNON. That I understand. But I thought from the answer you made you were saying you did not regulate it in the State even.

Mr. BLOOM. No, in the State we do. We had one situation where the service was so bad that the passengers at Altoona, Pa., got off the train and sat down in front of the engine and did not get on and said they were going to sit there until they got ice and got air conditioning on the train. Of course we were in that——

Senator CANNON. Are they still there?

Mr. BLOOM. That was corrected. But this was a rare instance, it got a lot of publicity.

Senator CANNON. You say that on appeal the ICC could reverse or modify the decision of the Joint Board, but determine the Board failed to apply the proper legal standards. Would the Board be bound by the findings so that you would not have a new hearing as to facts? Is that correct?

Mr. BLOOM. That is right. They would be bound by the findings of fact, if they were supported by proper evidence. But if it wasn't supported by evidence, they could reverse, under our concept, reverse the Joint Board on findings of fact and conclusions of law.

Senator CANNON. In your fourth recommendation there you say that the hearings under section 13(a) should be made mandatory when requested by an aggrieved party. How do you define an aggrieved party? Is this the complaint of any passenger, any one individual, or what is your definition?

Mr. BLOOM. Well, I don't personally think you can have just any Tom, Dick, and Harry come along and file a complaint and have to give them a hearing. But if any State commission—we have had situations where we have filed complaints with the ICC and we were not given hearings. And we think that a regulatory body or any recognized municipal group, if they file a protest, a city council, or someone of that type, certainly they ought to be required to have a hearing and it ought not to be discretionary.

Senator CANNON. But you have not specifically defined who you intend to be covered as an aggrieved party.

Mr. BLOOM. No, I think it needs refinement in this field.

Senator CANNON. I was going to say if you just say any party who claims to be aggrieved, you will always have somebody objecting.

Mr. BLOOM. I would define it more closely.

Senator CANNON. Thank you, Mr. Chairman.

Senator HARTKE. Thank you for your testimony, Mr. Bloom. I think your original statement is quite correct, that something has to be done. I am not too sure that there is that type of agreement yet that is needed. And I do not know whether it can be built on old tracks or not or on old concepts. We will see.

Mr. BLOOM. It is a difficult problem. Of course our concern is we think that you will get better regulation, better results, if you bring your States in closer to the Federal Government and not to ignore completely the operation of your State regulatory bodies. That is what our association is trying to do in this Federal-State relationship, to have a closer working relationship, where those who live with the problem, who live in the region, will have some voice through their regulatory body.

Senator HARTKE. I quite agree with that basic idea and concept. The old federalism is good enough for me.

Thank you.

The next witness is Mr. Donald Beattie, executive secretary, Railway Labor Executives' Association, from Washington, D.C.

STATEMENT OF DONALD BEATTIE, EXECUTIVE SECRETARY, RAILWAY LABOR EXECUTIVES' ASSOCIATION, WASHINGTON, D.C.; ACCOMPANIED BY WILLIAM G. MAHONEY, COUNSEL TO THE ASSOCIATION

Senator HARTKE. Good morning. We are glad to have you with us this morning. Will you identify the gentleman with you, please.

Mr. BEATTIE. This is William G. Mahoney, counsel for RLEA.

I appear here to testify on behalf of the association consisting of 18 standard national and international railway labor organizations and the Railway Employees' Department, AFL–CIO, and speaking for virtually all of the railroad labor with regard to Senate Concurrent Resolution No. 32; Senate Joint Resolution No. 120; Senate Joint Resolution No. 129; Senate bill No. 2750; Senate bill No. 2865; Senate bill No. 2887; and, Senate bill No. 2939. With your permission, at this time I would like to have inserted into the record as if read, a list of the RLEA affiliates.

Senator HARTKE. Without objection, that will be done.

American Railway Supervisors' Association
American Train Dispatchers' Association
Brotherhood of Maintenance of Way Employees
Brotherhood of Railroad Signalmen
Brotherhood Railway Carmen of the United States and Canada
Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees
Hotel and Restaurant Employees and Bartenders' International Union
International Association of Machinists and Aerospace Workers
International Brotherhood of Boilermakers and Blacksmiths, Iron Ship Builders, Forgers and Helpers
International Brotherhood of Electrical Workers
International Brotherhood of Firemen and Oilers
Brotherhood of Sleeping Car Porters
International Organization Masters, Mates, and Pilots of America
National Marine Engineers' Beneficial Association
Railroad Yardmasters of America
Seafarers' International Union of North America
Sheet Metal Workers' International Association
United Transportation Union

The association has appeared before this committee on several occasions since the enactment of section 13a of the Interstate Commerce Act in support of amendments to that law. In those appearances, the chairman of the association, Mr. G. E. Leighty, discussed railroad

labor's position regarding the effect of section 13a, our experience under section 13a and our analysis of the effect of the enactment of that provision of law. We have supported what we believed to be constructive amendments to that law—amendments which would have permitted the railroads to discontinue uneconomic and unneeded passenger trains while, at the same time, protecting the public interest.

The present law was described by one of the first Federal judges to pass upon the meaning of its provisions as an "invitation" to the railroads to discontinue passenger service. The statistics issued by the Commision demonstrate beyond question that the railroads accepted this invitation.

Between September 1958 and May 29, 1969, the railroads of this country discontinued 705 interstate trains pursuant to the provision of section 13a(1). One hundred and fifty-four of these trains were discontinued without a hearing. Three hundred and thirty-three intrastate trains were discontinued during the same period under the provisions of section 13a(2).

These discontinuances continue at an ever accelerating pace. When railroads fail in an effort to secure the discontinuance of a train, the service on that train is downgraded to the point where passengers simply cannot patronize it. The railroad then returns to the Commission the following year and again seeks its discontinuance.

Recently, for example, the Seaboard Coast Line Railroad Co. was ordered to continue in operation a train that ran from Augusta, Ga., to Florence, S.C., where it connected with the New York-Miami "Champion." The passengers on this train, for the most part, were sleeping car passengers bound to or from New York City.

When ordered to continue the operation of this train, the Seaboard Coast Line did so but without the sleeping car and the dining car. The Seaboard Coast Line, of course, is now in a position to seek—and secure—the discontinuance of this train as soon as the Commission's order requiring its continued operation expires.

The Interstate Commerce Commission has taken the position that section 13a was enacted to permit the railroads to discontinue passenger service. This is borne out by the fact that the Commission has held that a railroad's violation of section 13a(1) "vitiates" Commission jurisdiction over that railroad; that in ordering continued operation of a particular train the Commission cannot order the railroad to provide the same service on that train that it had provided in the past; and, that the Commission has no jurisdiction over railroad violations of that industry's duty under section 1(4) of the Interstate Commerce Act.

With regard to the latter holding of the Commission which was published on September 12, 1969, in connection with its investigation of the adequacy of the passenger services of Southern Pacific between California and Louisiana, the Commission has recommended that it be given jurisdiction to determine the adequacy of intercity rail passenger service and "to issue such orders as might be appropriate to rectify the situation." But in doing so it has stated unequivocally that it would not "seek through the exercise of such jurisdiction new and radical standards for the quality of service." Rather, the Commission has in mind requirements "for the restoration of reasonable standards of service, equipment, and facilities, giving due regard to the carrier's

resources and the willingness of the public to provide its support and patronage."

The Commission then goes on to "hope" that "through advanced technology and far-reaching private and public programs involving the public policy as to all modes of transportation, the entire rail passenger system will be modernized to meet the requirements of the future."

It seems to us that any jurisdiction granted the Commission over the quality of passenger train service would be largely ineffective unless the legislation granting such jurisdiction contained rather precise guidelines and instructions to the Commission.

For example, the Commission would base restoration of reasonable service upon a carrier's resources and the willingness of the public to support the service. In carrying out its new authority, it seems fair to inquire whether the Commission would seek a commitment first from the carriers or the public.

Obviously, if the Commission is going to wait to determine whether the public will support decent rail transportation, it will never require such transportation from a particular carrier because it is only after that transportation is provided that the public can respond. A good example of this is to be found in the new Metroliner service between Washington and New York. In this connection I commend to your attention the incisive and candid 20-page dissent of immediate past Commission Chairman Paul Tierney, published only last Monday to this latest disclaimer of jurisdiction by the Commission.

When testifying before this committee in 1960, Chairman Leighty of this association stated that under section 13a of the Interstate Commerce Act we faced total extinction of rail passenger service in this country. The opponents of the amendments to section 13a which Chairman Leighty supported scoffed at this prediction. Indeed, the Commission testified that Federal regulation was unnecessary. I am confident that no one scoffs at that statement today. I believe that everyone is aware that unless effective legislation is immediately forthcoming intercity passenger train service will become extinct. In his recently published dissent, Commissioner Tierney stated (335 I.C.C. at 438):

> The rapid decline in the quantity of rail passenger service needs no documentation. Long-distance passenger operations have been pared to the bone. This country has reached the point where only massive and immediate changes in governmental and carrier policies can preserve even a minimal nationwide system of passenger service.

It is the nature of railroading that under any circumstance the transportation of freight is more profitable than the transportation of passengers. Therefore, it is not surprising that the railroads would wish to withdraw their investment in passenger service and invest it in freight service.

Again to quote Commissioner Tierney:

> It is painfully clear that some trains are being operated so as to force the public to desert rail travel.

But the railroads are not grocery stores. They serve the public interest. To the extent that they are private corporations they should not be required to bear too great a financial burden. But to the extent

that they are invested with a public interest they must be regulated and required to serve that interest.

If I may, I will now discuss individually the various resolutions and bills before you.

SENATE CONCURRENT RESOLUTION 32

This resolution introduced by Senator Allott on behalf of himself and 29 other Members of the Senate, considered together with the numerous other legislative proposals pending before this committee is, I believe, a demonstration of the Senate's recognition that effective and constructive legislation must be forthcoming immediately if the intercity rail passenger service is to survive.

Concurrent Resolution 32 is a positive move toward the preservation of necessary interurban railroad passenger service. While I believe that there has been much too much talk and much too little action in the area of rail passenger service over the past 10 years, more talk, more studies, more reports must be submitted before this Government can embark upon an intelligent program in this field.

We believe that Senator Allott's resolution points in the the proper direction. We have two serious reservations regarding this resolution. First, and most important, it is a concurrent resolution without force of law. Any effective action in this field must have the force of law. Second, it would provide that the Interstate Commerce Commission "should exercise such authority as it has under law to prevent any abandonment or sale of rail passenger service" pending the submission of the report of the Secretary of Transportation. We fear that the fallacy in section 2 is found in its presumption that the Interstate Commerce Commission would exercise its authority to prevent the abandonment or sale of rail passenger service facilities.

To the contrary, the Commission is loathe to exercise authority over passenger trains. This is made eminently clear by its recent decision disclaiming jurisdiction over rail passenger service and Commissioner Tierney's dissent to that decision.

To allay any doubts as to the authority of the Commission or the effectiveness of section 2 of Concurrent Resolution No. 32, we would recommend that the language of section 2 of Joint Resolution No. 120 be substituted for the language found in section 2 of Concurrent Resolution No. 32.

In addition, we would recommend that the prohibition against the further discontinuance or change in operation or service of passenger trains or ferries be continued until legislation is enacted based upon the study and report of the Secretary of Transportation. If the prohibition against abandonment of passenger facilities expires with the submission of the report, past experience would indicate that by the time legislation could be enacted there would be few, if any, passenger trains to which it could be applied.

Most important, of course, would be the conversion of Concurrent Resolution No. 32 into a joint resolution which, when signed by the President, would have the force and effect of law.

SENATE JOINT RESOLUTION 120

Senator Moss' resolution No. 120, if adopted, would have the advantage of the force of law and would be broad enough to include

all of the items listed for investigation in section 1 of Concurrent Resolution 32. We believe that this resolution would provide an effective means of preserving needed rail passenger transportation. We would recommend, however, three modifications of this resolution: First, that the Secretary of Transportation seek and consider the views of railroad management, railroad labor and State regulatory authorities; second, that his report include consideration of the items listed in subsections (a) through (g) listed in section 1 of Concurrent Resolution 32; and, third, that the prohibitions contained in section 2 be extended to coincide with the enactment of legislation based upon the Secretary's report rather than a mere 60 days from the submission of that report to the Senate and House of Representatives. As I mentioned above in connection with Concurrent Resolution 32, early expiration of the prohibitions against approval of train discontinuances would result in a rush to discontinue trains before legislation could be enacted. Such a rush has occurred each time Congress has considered amending section 13a.

SENATE JOINT RESOLUTION 129

This resolution, like those I have just discussed, seeks a means of solving the rail passenger service crisis facing this Nation. Joint Resolution 129 would establish an Advisory Commission on Federal Railroad Passenger Service. The membership of this Commission would be composed of Members of the Senate, Members of the House and appointees of the President of the United States who would represent rail management, rail labor and the general public. The Commission would undertake a study and investigation with the objective of making recommendations regarding the acquisition of rail passenger equipment and the best means of operating such equipment to serve the needs of the Nation.

We have no objections to the appointment of a "blue ribbon" commission, as distinguished from the Secretary of Transportation conducting an investigation into the rail passenger service problem. Indeed, my association would support and assist in every way possible anyone the Congress determines to charge with the responsibility of conducting the investigation into these matters and making recommendations based upon that investigation.

Joint Resolution 129, however, contains no safeguards for the preservation of a rail service pending the submission of recommendations and the enactment of legislation based upon such recommendations. Also, it is restricted to the acquisition and use of rail property whereas we believe that the broader objectives of Concurrent Resolution 32 and Joint Resolution 120 would be more effective in preserving necessary rail passenger transportation.

These resolutions, as well as the Senate bills which I will discuss in a moment, emphasize the awareness of the Members of Congress of the gravity of the situation confronting us in rail passenger transportation. They seek a common objective, the study of the problem with recommendations for its solution.

My association concurs in the objective sought by these resolutions. We desire only that any resolution which might be reported out by this committee would have the force of law; would preserve what

rail passenger service remains pending legislative enactments based upon the results of its studies; and, would investigate all possible means of solving this grave problem.

S. 2750

S. 2750 consists of a restatement of the existing section 13a of the Interstate Commerce Act with the addition of a provision that would provide a subsidy to railroads that are required by the Commission to continue the operation of trains for which the costs exceed the revenues. S. 2750 would also provide the railroads with passenger equipment if such is needed in order to comply with an order of the Commission issued under section 13a(1).

The objective of this bill is praiseworthy. We support the concept of subsidy and Government purchase of equipment with proper safeguards for the public and the employees. We agree with Commissioner Chairman Brown, however, that the immediate effect of S. 2750, if enacted into law, would be the posting of notices by every passenger service railroad in the United States to discontinue every remaining passenger train. It seems fair to conclude that a railroad would desire the Government's treasury, rather than its own treasury, to pay for the continued operation of its passenger trains. In order to qualify for the subsidy provided in section 13a (2), (3), and (4) of S. 2750, the railroad would be required to seek discontinuance of its trains. The Commission would be faced with a mass of discontinuance notices with which it could not contend with the result that many trains which should be continued in operation undoubtedly would be permitted to be discontinued.

We believe that a point in time has been reached where realism dictates participation by the Federal Government in financing the operation of necessary rail passenger service. We are convinced, however, any subsidy must be accompanied by meaningful governmental control over the service being subsidized in order to provide an effective method of Federal participation.

S. 2865

This bill has been introduced in preceding Congresses and my association has supported its enactment on those occasions. It would simply require a railroad seeking to discontinue an interstate passenger train to file an application with the Commission and to support that application with factual evidence supporting the discontinuance of the particular train involved. This is no different from the requirements placed upon railroads seeking to discontinue intrastate trains under section 13a(2) of the present law. S. 2865 would merely require a railroad to prove its case before the Commission could issue an order authorizing discontinuance of the railroad's train. It would prohibit such authority from the Commission. This is precisely the situation presently existing under section 13a(2) of the law with regard to the discontinuance of intrastate passenger trains.

S. 2865 contains one additional provision. It specifically authorizes the Commission to subject its orders to "such terms and conditions as in its judgment the public convenience and necessity may require."

The Commission has opposed the passage of bills identical to S. 2865 although its reasons for so doing have never been clear to me. Indeed,

to my knowledge, no reasonable argument has ever been advanced against the enactment of this legislation. For some reason, however, it has never received the support which we believe it deserves.

My association supports the enactment of S. 2865 although we are convinced that a suspension of the provisions of section 13a pending enactment of legislation following a thorough and extensive investigation into rail passenger transportation in this country, is the only effective long-term solution to the current crisis.

Should the Congress determine that legislation calling for rail subsidies or Federal purchase and lease-back of rail equipment is required rather than the type of investigation and report contained in the resolutions now pending before you, we would urgently submit that at the very least S. 2865 be enacted along with any such "assistance" legislation in order to prevent the discontinuance of needed service. As I mentioned a moment ago, in the 10½ years since the enactment of section 13a the Commission has permitted discontinuance of 705 interstate trains. Of this number, 154 were permitted to be discontinued without investigation or hearing. During the first 8 years of the existence of section 13a, the Commission permitted 61 interstate trains to be discontinued without an investigation. In the past 2½ years, however, it has permitted 93 such trains to be discontinued without an investigation.

Uninvestigated discontinuances represented only 13 percent of the total interstate train discontinuances permitted the first 8 years of the life of section 13a. In the past 2½ years such uninvestigated discontinuances represent 40 percent of the interstate trains discontinued. This increasing trend would seem to indicate that the quality of passenger service has so deteriorated in the past 2 years that railroads have had no difficulty in convincing the Commission that it should not bother investigating these discontinuances or, perhaps, the Commission is so inundated by the number of train discontinuance proceedings that it simply cannot handle all of them and, therefore, picks a number of those which seem most likely to succeed, and permit their discontinuance without investigation. Whatever the reason, these statistics show an alarming increase in the rate of noninvestigated train discontinuances.

S. 2865 would not prevent the railroads from discontinuing trains that were uneconomical and no longer used by the public. But it would require the railroad to prove those facts and would permit the Commission to set conditions upon any grant of authority to discontinue passenger train service. These conditions could range from scheduling and equipment used to the protection of adversely affected employees. Under S. 2865 a railroad could no longer violate the provisions of the train discontinuance laws with impunity as it can now violate section 13a(1) without fear of Commission sanction.

As I mentioned before, that agency has held that violations of section 13a(1) "vitiate" Commission jurisdiction to act. And no longer will the public be deprived of the right of review by the courts as it has been in each of the instances involving the 154 trains discontinued without investigation.

Section 13a has become a malignancy in law. It is a malignancy which can be removed. But it must be removed quickly or it will be too late. The enactment of S. 2865 would eliminate the malignancy.

Enactment of a joint resolution such as we support here today could well restore the patient's health.

S. 2887

This bill was introduced last year on behalf of the Interstate Commerce Commission. Basically, it merely extends the time limitations found in the existing law, and where the train is the last train between two points, shifts the burden of proof from the public to the carrier by requiring the continued operation of the trains unless the carrier proves that the public convenience and necessity do not require its continued operation or that the continued operation of the train would impair he ability of the carrier to meet its common carrier responsibilities. The bill would also permit the Commission to impose conditions upon the carrier but, for reasons which the Commission has never revealed, it would exclude from such conditions the protection of the employees adversely affected by its orders.

The bill would also grant the right of appeal by anyone aggrieved by an order of the Commission. It is doubtful that this provision adds anything to existing law since an order of the Commission is always appealable and it is precisely because the courts have held that a Commission notice stating that it would not investigate a train discontinuance is not an order that the pubilc has been deprived of the right of appeal in those instances in which the Commission has refused to investigate train discontinuances.

Section 2 of S. 2887 would require the Secretary of Transportation to undertake a 1 year study of the future potential of intercity rail passenger service and report back to the Senate.

We respectfully submit that S. 2887 would do absolutely nothing but permit the continued and undoubtedly accelerated erosion of intercity rail passenger service. Indeed, since it would relax the present restrictions in section 13a(2) upon the discontinuance of intrastate rail passenger service there would undoubtedly be an increase in the discontinuance of intrastate passenger trains. According to Commission statistics, there have been but five intrastate train discontinuances granted in the last 2½ years.

My association is opposed to S. 2887 because it makes no real effort to get to the root of the problem and would permit rail passenger service to become extinct while studies are conducted to determine among other things the ability of improved railroad passenger service to meet the 1975 anticipated needs.

S. 2939

S. 2939 would provide a means of upgrading passenger equipment. The association supports the concept contained in S. 2939 but strenuously opposes it in its present form because of the serious adverse effects which it would have upon many of the employees in the railroad industry. Mr. Mahoney, counsel for the Railway Labor Executives' Association, who has accompanied me here this morning, will discuss the effects of S. 2939 in its present form upon the employees in the industry.

I understand Senator Tydings submitted a statement for the record in which he pointed out there were certain defects in S. 2939 which he hoped to find language to correct.

In summation I will say only that for the past 10 years the Railway Labor Executives' Association has sought modification of section 13a of the Interstate Commerce Act because it has known from the outset that this law would mean the death of railroad passenger service in the United States. It is no satisfaction to my association that its predictions with regard to the industry's use of this law have proved correct. Many Senators, both on and off this committee, have been fully aware of the dangers inherent in section 13a(1) and have sought constructive legislation to remove those dangers.

Almost everyone is now concerned that rail passenger service will cease to exist. Unfortunately, it is almost too late. We urge you to take swift, effective action. It is our recommendation that such action take the form of a joint resolution providing for a thorough study of all facets of rail passenger transportation in the United States and a report to this committee and its counterpart in the House of Representatives with recommendations as to legislation. Pending the enactment of such legislation, and in order to preserve what little we have left of rail passenger service in the United States, the provisions of section 13a should be suspended. Such a suspension would not prevent a rail carrier from discontinuing wasteful, unused passenger trains since it would not affect the jurisdiction of State regulatory agencies and, even under the worst circumstances, State regulatory agencies have granted 85 percent of the discontinuance applications submitted to them.

Should this committee decide to recommend direct assistance legislation, we request that together with such legislation S. 2865 or a bill substantially similar to S. 2865 also be enacted. If, after all, the public is going to subsidize, in any manner, rail passenger service, it should be entitled to have that service continued in operation unless the railroad can prove that it should be discontinued.

I am grateful for the opportunity to appear before you today on behalf of the Railway Labor Executives' Association; and I, or Mr. Mahoney, would be happy to answer any questions which you may have regarding the position of the RLEA or my testimony here today.

Mr. Mahoney would like to comment particularly on S. 2939.

Senator HARTKE. All right. You may proceed, Mr. Mahoney.

Mr. MAHONEY. Thank you, Mr. Chairman.

I would like to say at the outset that I testified before this committee in 1959 on S. 1331 which was a proposed amendment to section 13(a). I testified again in 1960 on S. 3020, another proposed amendment, and on several subsequent proposed amendments. Together with the attorneys for the various States involved I tried the *Adequacy of Service* case on which the Commission recently issued its report citing its lack of jurisdiction to act.

My reason for being here this morning is to express the concern which my clients have with regard to S. 2939. While they support the concept of the bill and the objective of the bill, as it is presently written it is most objectionable to them, because it would deprive their members of the work which with few exceptions they have always per-

formed and that is the repair and rebuilding of passenger cars and locomotives.

Senator Tydings has recognized that adverse effects to employees would result from this bill and is amenable to language changes to remove such effects.

Congressman Adams has testified that under this bill it is intended that railroad employees will continue to perform their traditional work in the repair and servicing of railroad passenger equipment and they will continue their work in rebuilding cars and locomotives insofar as possible.

This is where we have a problem. As the bill is now written the Secretary of Transportation could subcontract the rebuilding, and even the repair work, for all rail passenger cars and locomotives to anyone whom he feels would perform the work in an economic and efficient manner.

We fear that on that basis this work would go to outside industry, simply because of, if for no other reason, the railroads' bookkeeping on repair work.

I am informed there is a so-called general managers' agreement throughout the United States as a result of which, the railroads look at the cost of a piece of repair work, what it would cost in labor, and they then add 110 percent to it and that is the cost that they put down as the cost to the railroad of performing the work, the 110 percent being, as I understand it, 75-percent shop overhead, 10-percent supervision, and 25.02 percent fringe benefits. That is hospital, retirement, and that sort of thing.

That is rather surprising to me since in all of the train discontinuances and railroad mergers and acquisition cases in which I have been involved the testimony is usually that the railroad pays about 15 percent for fringe benefits for employees. But, according to this general managers' agreement, it is 25 percent.

What we fear is that faced with that kind of an estimate from a railroad, the Secretary would go elsewhere to get his rehabilitation and repair work performed. And we feel that if properly controlled the railroads would certainly be able to do this work and do it cheaper than outside industry.

Contracting out of repair work has been a serious problem in the railroad industry for a long time. In 1964, Emergency Board No. 160 strongly disapproved of this practice as contrary to the public interest, and we would certainly have to oppose any attempt to accomplish such a result by legislation.

In 1964, Emergency Board 160, appointed by the President, concluded as follows:

> Although it is not possible or feasible to recommend that carriers which have scrapped their repair facilities should restore or reestablish them, this Board is of the opinion that the public interest would be served by measures which would help to arrest the decline in railroad shop facilities. To the extent that subcontracting has played a part in the steady erosion of shop employment, it has been contributed to the draining away of a skilled labor pool from the railroad industry. The current shortage of railroad freight cars highlights the inability of the industry to meet the Nation's needs for transportation, the inability which has aggravated some of our domestic and foreign problems. The national interest would be better served by maintaining the capacity of the railroad industry to keep its equipment in good working order and to expand its operations as to the needs require.

The railroads have the facilities readily available, they have the skilled workers and the Secretary of Transportation could control the cost which is most important.

Another thing that is most important is that as each day passes the railroads sell and close more of these facilities. We feel it would be much less costly for the railroads to perform this work than it would be to contract it out of the industry where the Secretary would not only have to pay the contract price but would have to absorb the cost of purchase of new tools and machinery necessary to do this job.

If the railroad employees do not perform the rehabilitation or rebuilding work envisioned by S. 2939 they will be effectively deprived of all repair work as well. Often a new car comes with a warranty which provides the builder will perform necessary repairs for a specified period. That could easily occur under the rehabilitation provisions of S. 2939 in its present form. The result of this would be that the continued erosion of railroad skills condemned by Emergency Board No. 160 would continue. If S. 2939 can be modified to provide that railroad rehabilitation and repair work will be performed by railroad employees, the Railway Labor Executive Association will support the bill. Without such a provision it would visit extensive injury on these employees and my clients must oppose it.

Thank you.

Senator HARTKE. Thank you.

S. 2951, the bill requested by the Interstate Commerce Commission concerning adequacy of certain passenger operations was introduced yesterday by myself and Senator Magnuson at the request of the Commission. You didn't comment on that. I wonder if you have a comment on that.

Mr. BEATTIE. Mr. Chairman, I am sorry, but I didn't know that there was another bill until I saw the transcript this morning. I didn't know there was a bill introduced.

Senator HARTKE. All right. If you care to, you might file for the record your opinion on that.

Mr. BEATTIE. Yes, we would like to file an additional statement in connection with that bill.

(The following letter was subsequently received for the record:)

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
Washington, D.C., September 30, 1969.

HON. VANCE HARTKE,
Chairman, Subcommittee on Surface Transportation,
Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: At the time I appeared before your committee on September 24, 1969, I requested the opportunity to submit a statement on behalf of the Railway Labor Executives' Association in connection with S. 2951, the bill introduced by you at the request of the Interstate Commerce Commission concerning Commission jurisdiction over the adequacy of passenger service.

I would like to make observations on S. 2951:

1. The bill is limited to trains in being whereas the duty "to provide and furnish reasonably adequate service" would seem to include, and indeed, should include, the restoration of passenger service when evidence adduced at hearing supports such restoration.

2. The Commission should not be required to hold hearings, as required by S. 2951, when it is convinced certain standards of service must be promulgated and enforced with regard to a particular train. Since the present law does not require hearings prior to the total discontinuance of service there would seem to be no reason for such a requirement every time standards are to be promulgated. Indeed, delays in promulgating and enforcing standards caused by com-

pulsory hearing requirements could well result in the demise of a train. For example, the Commission now has a four month time limit on its decisions under Section 13a(1). Each time the Commission assigns a "standards of service" case for hearing under S. 2951, the railroad involved could move to discontinue it under Section 13a(1). Because different statutory criteria are involved and if the Commission did not find deliberate downgrading of service, the train would be discontinued before the "standards of service" hearing was completed.

3. The example just given points to the need to amend Section 13a at the time a bill similar to S. 2951 is passed. Unless such an amendment is concurrently enacted, S. 2951 could be rendered a nullity.

I know you have recognized for many years the critical nature of the rail passenger problem confronting us. A somewhat encouraging sign is that most segments of our society now acknowledge the existence of the problem. For the first time since the enactment of Section 13a, the Commission acknowledges something should be done and the railroads have come forward with positive suggestions. It appears to me that at long last we may have that unity of purpose by all concerned which is so necessary for the development of new concepts to deal with this complex problem. But, we cannot sit back and wait for further studies to be completed while the few remaining passenger trains now operating are discontinued.

It seems to me that in order to utilize to best advantage the possibilities inherent in the unity of purpose displayed by rail management, labor and government before your committee, a moratorium on passenger train discontinuances should be enacted immediately; a subsidy program be enacted to defer partially rail passenger losses, taking into account the amount of the loss, the efficiency of the operation, the general quality of the train involved and the financial ability of the carrier involved; that a study commission or the Secretary of Transportation be assigned to the task of submitting recommendations for legislation after consulting with management, labor, state commissions, the ICC and others; and, that legislation based on such recommendations be enacted.

Respectfully,

DONALD S. BEATTIE,
Executive Secretary.

Senator HARTKE. I have one comment to make on this. I fail to see that type of approach which would apply new concepts to old problems. It seems to me we are trying to attribute all current problems to section 13(a), but the deterioration of the railroad service had begun before there was a change in 13(a). I am, however, very sympathetic to and have been trying to get a change in 13(a).

I personally am very apprehensive as to whether or not we are going to be able to solve this problem, the massive movement of people, unless somebody comes forward with at least some new approach.

Mr. BEATTIE. I think the important thing is that if we can enact legislation to preserve what we have now until we can have the benefit of some studies that will perhaps lead the way into the new concepts. This would be the long term and proper solution.

Senator HARTKE. Let me say that in the last 10½ years, as you have indicated, since 13(a) has been amended, we have had a discontinuance at the rate of five interstate passenger trains a month. That is about one every 6 days. That is pretty rapid. I agree with that. But unless I misjudge the attitude of the committee, unless it has changed substantially, and maybe it is changing, I am not prejudging how they would vote, but in the past there has been no great disposition to change 13(a). All I can say, if I go out hunting and I have a dog who never turns up a quail, I get myself a new dog. That is what I am looking for.

Mr. BEATTIE. Suspension might be the best way to approach it.

Senator HARTKE. I don't know if you suspend that dog whether it would do any good or not. You would just be without any.

All right. I really am hoping that during these hearings we would not just rehash everything, but I am somewhat inclined to think that is what we are doing so far.

Mr. MAHONEY. Mr. Chairman, if I may, I would like to say this, that I don't think under the circumstances that you are going to get any heuristic practices, as you termed it yesterday, out of these hearings, unfortunately.

Senator HARTKE. If we don't, where do we turn? This is what concerns me. We have asked to the Commission charged with the responsibility, the oldest Commission of the Government, and it certainly cannot plead, like the Department of Transportation, organizational problems due to lack of time. They may plead for other reasons, but not for lack of time. Seventy-five years is sufficient time to perfect an organization.

Now, you represent the labor people. You have seen a sharp reduction in your own employments, have you not?

Mr. MAHONEY. Yes.

Senator HARTKE. My own State of Indiana is heavily crisscrossed with railroads and has had in the past a large number of railroad employees.

Mr. MAHONEY. I think, Mr. Chairman, that all of these years that 13(a) has been in existence, as you know, the Interstate Commerce Commission has never been interested in changing it, and the railroads have opposed a change in it. I think now, though, that everybody has finally decided that something has got to be done. Whether that decision has been reached reluctantly or not, it has been reached. But I don't think solutions can be developed practically overnight, suddenly, because everybody has realized that there exists a real crisis. I think the only chance, probably is to put a moratorium on 13(a)(1), work out some sort of subsidy arrangement where the railroads would not be unfairly treated during that moratorium, then have a study and put some concentrated mental effort into this.

Senator HARTKE. I watched that approach in the cities and I will have to say that the experience has been one which has been very disappointing to a lot of cities. Being a former mayor myself and worrying about transportation in cities, trying to pump new life into old buslines, things of that type, it has not been very successful. The fact of the matter is if I represented employees, as you do, I would take a hard look and see what happened to those employees of mass transit and public transportation because to a great extent they are gone.

Mr. MAHONEY. We have had the same experience.

Senator HARTKE. I know, but you are not completely dead yet.

Well, I just say this to you to try to stimulate some thought. Thank you.

Mr. BEATTIE. Thank you, Mr. Chairman.

Senator HARTKE. Our next witness is Mr. Thomas Goodfellow, president, the Association of American Railroads.

STATEMENT OF THOMAS M. GOODFELLOW, PRESIDENT, ASSOCIATION OF AMERICAN RAILROADS; ACCOMPANIED BY WILLIAM M. MOLONEY, VICE PRESIDENT AND GENERAL COUNSEL

Mr. GOODFELLOW. Good morning, Mr. Chairman, it is nice to see you.

Senator HARTKE. Good morning.

Mr. GOODFELLOW. I have Mr. Maloney with me, our vice president of law, who is an old hand at passenger hearings.

Senator HARTKE. You may proceed, sir.

Mr. GOODFELLOW. My name is Thomas M. Goodfellow. I am president of the Association of American Railroads.

Before coming to Washington I was president of the Long Island Railroad and prior to that I had worked for the Pennsylvania Railroad since my graduation from Cornell in 1929.

I appreciate the opportunity of appearing before this committee to express the railroad industry's views on the various passenger train proposals you have under consideration. This is an important matter. We can all agree on that, I think.

I notice that most of the bills and resolutions now being considered are similar to—or, in some cases, identical with—others you've had before you in previous sessions. So I'll confine my remarks largely to those measures that are new.

Early this year, our association unanimously adopted a policy statement calling for reimbursement by the Government of losses sustained by the railroads on intercity passenger trains they're required to keep running as a public convenience.

I'm submitting a copy of our policy statement in full so that it can become an official part of these proceedings as appendix A of my testimony.

The proposals spelled out in this statement are embodied in one of the bills now before you—S. 2750. The railroad industry thanks you, Mr. Chairman, for introducing it, and endorses the bill and urges its adoption.

We feel this action is urgent and essential, regardless of any other action that may be taken concerning studies and the development of long-range plans.

Believe me, the railroads are willing and anxious to do what they can—within their means—to help solve the public transportation problem. We recognize there is one—and that it's changing and growing.

But where we're forced to operate passenger trains that lose money, we feel the Government, representing the public interest, has an obligation to share in the cost.

The railroads have been carrying the full load for years.

There's been much debate from time to time over the extent of our passenger losses—and whether or not they're even real losses.

But such doubts were laid to rest—permanently, I hope—by the cost study of railroad passenger operations recently completed by the Interstate Commerce Commission.

That study was based entirely on avoidable costs—the actual amount of money certain railroads would have saved in 1968 if no passenger trains had been operated by them.

The study covered the operations of eight railroads which accounted for about 40 percent of the total intercity rail passenger-miles for the year. It showed that the avoidable losses incurred in intercity passenger train operations on these eight railroads came to $118 million.

Projecting the same rate of loss to cover all intercity services, the total losses for all railroads for 1968 would have been well over $200 million. I trust we agree that such losses are both real and significant.

Our statisticians tell me that, if the rate of avoidable loss on intercity passenger train operations in each of the 22 years since 1946 was anywhere near that of 1968, then the total amount of such losses borne by the railroads over that period exceeded $3 billion.

The railroads simply can't afford to carry that kind of a burden any longer without jeopardizing the industry's entire financial structure. The rate of return on net investment in our industry last year was only 2.44 percent. And it hasn't been above 3.95 percent in the last 13 years. You can get a better return than that on a savings account at any bank.

Our return on net worth—the ratio of net income to shareowners' equity—was only 3.3 percent last year, compared to average returns of 10.5 percent for public utilities and 13.1 percent for manufacturing corporations.

In contrast to the situation of U.S. corporations as a whole, railroads haven't generated enough cash through depreciation charges and retained income, in any year since 1962, to cover their expenditures for new cars and locomotives and other capital improvements.

There's been a widening gap between annual cash flow and capital outlays, amounting to more than $3 billion in the period since 1963. This has resulted in: (1) an $837 million decline in net working capital, which is now at an alltime low; (2) an increase in equipment debt to an alltime high of more than $4 billion; and (3) a forced reduction in capital spending after 1966.

In seeking relief from passenger losses, the railroads aren't looking for a profit—merely indemnification for actual losses sustained on services they are ordered to keep.

That's all S. 2750 calls for. It would amend section 13a(1) of the Interstate Commerce Act to provide for reimbursement of losses sustained on trains the ICC decides must be kept running for public convenience—even though revenues fail to meet operating costs.

It defines "costs" in rather general terms, leaving it up to the Commission to develop procedures for determining the costs to be covered.

Under today's regulations, the Commission can order the continuation of a money-losing train for only 1 year.

S. 2750 provides that at the end of this time, the railroad could ask for reimbursement of any loss incurred in the operation of that train. The Commission would certify the amount of the loss to the Secretary of the Treasury who would make the payment out of general funds authorized for this purpose by this act.

The railroad then could again ask for discontinuance. The Commission thus could review the need for the train in light of the financial result of its operation and decide whether to continue the arrangement for another year or permit the railroad to drop the service. We think this is an important provision, so we just don't get a train subsidized and then keep it on forever.

This bill also would authorize the Secretary of Transportation to acquire the necessary equipment for any required upgrading of service—if suitable equipment were not otherwise available. The new equipment would be rented by the railroads.

The provisions of S. 2750, I believe, would insure the preservation of passenger operations considered necessary while solutions to the

overall problem of moving people—involving all modes—are being worked out and the proper role of rail service determined.

I can't emphasize that too much, Mr. Chairman, that our bill will not stop any of the other bills from being put into effect and any of the solutions being worked out that those bills call for. But this Bill will at least put a Band-Aid on the wound until you can get around to really sewing up the cut.

As businessmen, we've certainly taken a hard look at the future of intercity passenger trains in today's jet and automobile age. Reluctantly, we've had to conclude that the only likely future for such train service lies in the heavily populated corridors—between Washington, New York, and Boston, for example.

That is the pattern clearly indicated by railroad operations in major countries all over the world and in studies that have been made in this country. Unfortunately, our critics refuse to believe that this is a true analysis of the situation.

Instead, they accuse us of deserting the traveling public. Many of these same critics contend that, if our railroads and deluze trains like those in some other countries, the public would come flocking back to the rails from the airlines and the highways.

I'd like to set the record straight both on this charge of desertion and this matter of foreign railroads.

Senator HARTKE. I have been requested to come to the floor of the Senate.

Senator Cannon will stay here and preside, so you may continue.

Mr. GOODFELLOW. Between 1946 and 1958, the class I railroads of the United States and the Pullman Co. invested $1,343 million in passenger train equipment. They gave the American public the world's finest passenger trains. And they spent many millions of dollars promoting and advertising them.

But, during those same years, the railroads' share of the-hire intercity passenger traffic dropped from 72.9 percent to 31.1 percent, while the airlines' share increased from 2.7 percent to 38 percent.

Even more significantly, the private automobile's share of total intercity passenger traffic increased from 58.8 percent to 90.1 percent—and it's stayed at about that level to this day.

This loss of business—I repeat—happened during a period when the railroads were pouring large sums of money into their passenger operations in an effort to hold their own against airline and automobile competition.

The American railroads gambled heavily on the traveling public—and lost. And the record is there for everyone to see.

An unemotional look reveals very clearly that the public deserted the railroads—and for perfectly understandable reasons: bigger and better highways, the flexibility and convenience of the family automobile, and the speed of commercial airliners.

All this was confirmed by the Interstate Commerce Commission in a 1959 report that followed a long and thorough investigation of the then growing deficits in passenger train operations.

That report stated that the railroads had—and I quote—"conscientiously endeavored to improve their standards of service." It also

pointed out that in the light of their capital investment in passenger train equipment—and again I quote—"the railroads could hardly be charged with undue conservatism in modernizing their passenger facilities." It further stated that the railroads—and this is another direct quote—"generally have not discontinued trains without making serious efforts—sometimes prolonged—to make them pay and then only after sympathetic consideration of public convenience."

Our present-day critics choose to ignore these facts. But, as businessmen, we certainly can't.

Some of the railroads most severely criticized today were among those making the greatest effort to hold their passenger business in the years following World War II.

For example, the Southern Pacific Railroad invested $50 million in new passenger equipment in the 10 years immediately preceding 1959. It spent $16,500,000 on its famous California-New Orleans train—the Sunset Limited—alone. And its expenditure for passenger advertising at that time averaged a million dollars a year.

An ICC examiner's report described SP's trains of that time as "undoubtedly among the finest in the world." That's a direct quote, too.

But while all this money, and all this promotional effort, was being expended, and those fine trains were being operated, SP's passenger patronage dropped 50 percent. Pullman passenger revenue decreased by 75 percent. And passenger losses continued to mount.

In the words of the examiner—in ICC Docket No. 34733—and I quote:

> As 1959 dawned, it seemed fair to conclude that S.P. had had it.

Our critics completely discount such costly experiences as this. But, gentlemen, the railroads can't.

It's claimed by some that all we have to do to change the picture is to pour more hundreds of millions of dollars into new passenger equipment and provide better services. And they point to the popularity of fine trains in other countries.

Canadian National Railways is most often singled out as a shining example of what can be done in the passenger train business when a railroad "really tries."

And Canadian National has, indeed, done a fine job.

It tried hard to promote its passenger business and make it pay. It invested heavily in new equipment. It installed self-service diners. It instituted special cutrate ticket offers. It computerized reservations. And it even had honky-tonk piano players in some of its club cars.

Its high-speed corridor trains are fast, modern, and frequent. And its deluxe transcontinental trains traverse some of the most spectacular scenery on the North American Continent.

But for Canadian National—which operates like a private railroad even though Government-owned—the moment of truth recently arrived. While it did succeed in increasing its passenger traffic, deficits after years of "hard trying" still were as large as ever—running to about $50 million a year.

Dr. Robert Bandeen, Canadian National's vice president for corporate planning, was quoted recently as saying his railroad's experience proves that, under foreseeable circumstances, it can no longer

make money on any of its intercity runs west of Ontario, or in the Maritime Provinces.

The assumption is that Canadian National soon will ask the Canadian Transport Commission for permission to drop all of its cross-country trains and most of its short runs, except those in the heavily populated Quebec-Montreal-Toronto corridor.

Canadian National's experience is virtually a replay of that of the U.S. railroads in the decade immediately following World War II.

Japan's New Tokaido Line is another frequently cited example of modern rail passenger service. And it's certainly a spectacular and highly successful operation. But it represents only a part of the Japanese railroad story.

The New Tokaido Line was built from the ground up, as a high-speed passenger line, only at a cost of $1.2 billion. It was designed to help solve the transportation problem in the world's most densely populated corridor—in a country where highway construction has lagged far behind ours, and where there's only one automobile for every 35 people.

In 1968, the New Tokaido Line earned a profit of $96 million. But, in that same year, the 12,800-mile Japanese National Railway System lost $261 million and faced the prospect of abandoning 1,600 miles of lightly patronized lines, even while the New Tokaido Line is being extended.

Estimates of the cost of duplicating the New Tokaido Line in the New York-Washington-Boston corridor run as high as $5 billion.

In Japan, as in Europe, economic factors—like the extent of highway development, distances between major population centers, density of population and the ratio of automobiles to population—are vastly different from those in this country. All these factors—plus government policy—generally tend to favor rail travel in other countries while working against it here.

In Europe, Japan, Canada—and the United States—an individual train may operate profitably here and there. But virtually all the government-owned foreign railroads chalk up huge deficits that cost taxpayers hundreds of millions of dollars annually.

The average deficit of the nationalized foreign railroads is 20 percent—which means they spend $1.20 for each $1 taken in. And the policy being followed almost everywhere—in an effort to trim these deficits—is to abandon heavily losing runs, often substituting bus service.

So the railroad situation elsewhere is not all peaches and cream, as our critics would have you believe. There are problems in other countries as well. And nowhere has the magical answer been found that halts the inevitable.

In this country, we now have, if we wish to take advantage of it, the opportunity of preserving a minimum level of intercity service, through cooperative effort, while easing the financial strain on the railroads without inflicting a heavy burden on the public.

The provisions of S. 2750 give us this opportunity. And I hope you will not pass it by in favor of other proposals that would only delay matters and postpone any really positive action.

It would in no way halt or impede the hopes and plans of those who feel they might at some time in the future come up with a more de-

sirable, but as yet undefined, solution. And it would provide a means of testing the substance of an alleged public demand by applying the simple principle of "use it or lose it" if the public cost began to outweigh public demand.

With this understanding of our objective, let me refer to a letter written by the Chairman of the Interstate Commerce Commission to Senator Magnuson on July 16, 1969. This letter transmitted the Commission's report on its "Investigation of Intercity Rail Passenger Service," and I quote:

> We cannot overemphasize the need for immediate action if a minimal network of passenger service is to be preserved, and massive capital outlays for equipment avoided.

Elsewhere the letter says, and I again quote:

> Under the present law, the carriers cannot be required to continue the operation of trains which constitute unreasonable financial burdens. Government subsidies or other forms of substantial federal aid may well be necessary to continue the operation of intercity passenger trains. Should the public need for such service warrant retention of these trains that cannot be operated without significant losses, we would support a program of federal aid to the carriers.

It seems to me that S. 2750 does exactly what needs to be done now. And we can't see where anything is to be gained by some of the other proposals before this committee that would only complicate the orderly, logical phasing out of unneeded trains. Delay offers no solution to the real problems.

So, briefly, I'd like to comment on some of these other measures:

S. 2887, for example, is virtually the same as S. 3861 in the 90th Congress. That bill was heard by this committee in July of 1968, when our position was outlined by Mr. William M. Maloney, our vice president and general counsel, and myself. To save time, I'm offering an excerpt from Mr. Maloney's 1968 testimony as appendix B of my present statement.

S. 2865 is another familiar sounding bill. It was introduced in almost the same language as S. 1685 in the 90th Congress and in substance and effect as S. 1331 in 1959. Mr. Maloney stated our position at hearings on S. 1685 in the 90th Congress, and I respectfully request that you and members of your staff review this testimony and consider it as our statement again in opposition to S. 2865.

S. 674 is identical with S. 512 in the 90th Congress, and our position on it is the same as that expressed by Mr. Maloney at hearings on that occasion. I respectfully request that Mr. Maloney's testimony on S. 512 be considered as our statement on S. 674.

Joint Resolution 120 is identical to Joint Resolution 52 in the 90th Congress. This was heard in August of 1967. It calls for the Secretary of Transportation—in cooperation with the Interstate Commerce Commission—to prepare a master ground transportation plan for the United States within a year's time. This is actually a revival of a similar assignment given to the ICC long ago. After some 20 years of struggle, the Commission found the task impossible. And it's certainly unrealistic to think that such a plan can now be prepared within a year.

Section 2 of this resolution obviously is intended to maintain the status quo while the master ground transportation plan is being devised. But only the railroads would be affected by this provision—

even though the master plan study would have to embrace all forms of ground transportation including highway, waterway, and pipelines, as well as rail.

Consolidation, unification, merger, or acquisition of control of railroads would be halted. And no passenger trains could be discontinued. But similar restrictions would not be imposed on other modes. That seems to be rather flagrant discrimination.

If a study is going to be made to develop a master transportation plan—and if it's important to maintain the status quo while this study is in progress—then the status quo should be maintained by all modes.

Joint Resolution 129 would create an advisory commission to recommend what railroad property and equipment the Federal Government would have to acquire in order to operate a national railroad passenger service—and the best means of acquiring these facilities.

As I pointed out earlier, there is nothing inconsistent with the passage of S. 2750 and proposals that might represent an effort to seek a better long-range solution.

The objectives of Senate Concurrent Resolution 32 involve an investigation by the Secretary of Transportation to determine the feasibility of developing, promoting, and operating interurban transportation through regional (or intrastate) rail transportation commissions, a government-industry public corporation, or through direct assistance to railroad operators.

We doubt that any meaningful result would come from such a study. But, if it is undertaken, we'd cooperate fully. However, we're opposed to section 2 of this resolution.

This section would direct the Interstate Commerce Commission to exercise its authority to prevent the abandonment or sale of any rail passenger service facilities. We feel the railroads—or any other private industry—should be free to sell or abandoned any of its facilities that are no longer needed.

Senator Tydings put in a bill, I think yesterday, 2939. We have not had too much time to study this bill, but we realize it has as its purpose the furnishing of equipments or the repairing of equipments to help the passenger train situation. We see no real conflict in this bill from 2750. Perhaps they will work together.

We have not, until this morning, had any chance to see the bill put in by the Interstate Commerce Commission and we are in no position to comment on it.

However, in conclusion, gentlemen, there is one other important point I'd like to make. We of the railroad industry recognize full well the growing seriousness of the passenger transportation problem facing our country today. We're naturally concerned. But we consider this a national problem in which the railroads are involved—not a railroad problem, per se.

We often hear the argument that the railroads have to keep passenger trains running because the highways and airways are overcrowded and these services are subject to interruptions when the weather is bad. We can't disagree with the fact that these conditions exist. But we can—and do—disagree with the implication that a private industry should pick up the tab for what amounts to rainy day, standby services.

If rail passenger service is essential to the solution of our overall public transportation problem, then the railroads deserve equal consideration with other modes in Government policy dealing with the matter. They have never had that kind of treatment—and our present total railroad picture is at least partly the result of a discriminatory national policy concerning the transportation industry.

Gentlemen, that concludes my comments. I thank you for your time and consideration.

(The attachments follow:)

POLICY STATEMENT OF THE AMERICAN RAILROAD INDUSTRY WITH RESPECT TO UNECONOMICAL PASSENGER TRAIN SERVICE

Since the end of World War II the use of intercity passenger trains has constantly and drastically declined. The intercity traveler has unmistakably demonstrated his preference for other modes of transportation which have enjoyed vigorous promotion through large expenditures of public funds. While in the years following World War II the railroad industry made tremendous expenditures for new equipment and various promotional activities, it was unable to reverse this trend.

Congress recognized the serious nature of this problem and in the Transportation Act of 1958 established a procedure by which the railroad industry was enabled to discontinue many unnecessary passenger trains that were operating at substantial losses. Despite this Act, the railroad industry is being required today to operate many passenger trains which fail to earn their cost of operation. These intolerable passenger train deficits have recently been accentuated by the Post Office Department's discontinuance of the movement of first class mail by rail.

No part of the private sector of our national economy should be made to bear the burden of enforced public service without just and adequate compensation for such service. When a public service is required to be performed by private enterprise and the users of such service do not pay the cost thereof, then the public nature of such service demands public payment therefor.

As applied to a particular railroad passenger train service, this principle means that when performance of such service is enforced by the public upon a railroad and the service does not pay its own way, then responsibility for the cost thereof should rest upon the body public.

If the railroad industry is to continue to provide intercity passenger train service, it is essential that legislation be enacted establishing means by which the industry may be relieved of the large losses which it sustains in providing this public service.

EXCERPT FROM STATEMENT OF WILLIAM M. MOLONEY, GENERAL COUNSEL, ASSOCIATION OF AMERICAN RAILROADS

I will now address my remarks to the more substantive changes in existing law that will be brought about by S. 3861. The present law requires a 30-day notice period of the proposed discontinuance of an interstate passenger train, while S. 3861 would increase it to 60 days. This doubling of the notice period will simply mean further delay in the disposition of a discontinuance case and is entirely unwarranted. In the previous hearing before this Committee no sound reasons were submitted for the then proposed 40 days and certainly no sound reasons have now been presented for a 60-day notice period.

Another provision of S. 3861, which is identical with that of S. 1175, would authorize the Commission, pending investigation, to require continued operation of the train for a period of seven months, rather than the present four months, and would provide that the Commission may further require the trains continued operation for an additional two months. The end result of this would be simply more delay in the disposition of a train discontinuance case.

In earlier testimony before the subcommittee the then Chairman of the Interstate Commerce Commission admitted that present time requirements are entirely adequate for the normal case handled by the Commission. However, he referred to some possible situation with which the Commission might be confronted at some future time as the justification for these particular amendments. No real justification was offered for a general extension of time, as would be provided by S. 3861. The then Chairman did say that the Commission, of course,

would not necessarily take the entire extended period of time to dispose of the normal case but the general experience of the railroads has been that the time available is the time that will be used. In any event, if more time is to be granted the Commission such grant should be confined entirely to the unusual case envisioned by the Commission and the additional time should be available only upon an express finding by the Commission of necessity and a statement of its reasons therefor.

Another amendment that would be made by S. 3861 is that there would be imposed upon the carrier the burden of proof and the findings required to be made by the Commission would be changed accordingly. Here, it seems to me, we are back on the old merry-go-round. A similar provision with respect to the burden of proof was contained in S. 1175 and was the subject matter of considerable testimony. Former Commissioner Tucker, then Chairman of the Interstate Commerce Commission, testified that the matter of burden of proof had presented no real problem in the Commission's administration of Section 13a and that the carriers had offered and made available any and all factual material which the Commission deemed necessary and which lay within the possession or control of the carriers. Statements to similar effect are contained in formal reports of the Interstate Commerce Commission in train discontinuance cases. Indeed, subsequent to his testimony before the House Subcommittee on H.R. 7004, then Chairman Tucker addressed a letter to the Chairman of that Subcommittee advising that the Commission would have no objection to the deletion of the burden-of-proof and Commission-finding language in that bill. Nothing has transpired since that time that in any way presents a case for the renewal of this proposal by the Interstate Commerce Commission.

Imposition of such a burden upon the carrier would represent a radical departure from the regulatory scheme adpoted by the Congress in the present provisions of Section 13a(1) of the Interstate Commerce Act. By the terms of that section, Congress confirmed the right of management to make initial decision that a particular passenger train should be discontinued. The equivalent of a veto power, however, was placed in the hands of the Commission, so that after investigation and upon proper finding, the Commission can direct management to continue to operate the train for a period of one year. After the expiration of that year the jurisdiction of the State commissions again attaches to any discontinuance of the train, subject only to preemption by again following the provisions of Section 13a(1). The present regulatory scheme enacted by the Congress has worked well and no justification exists for the radical departure from that scheme that would be made by S. 3861.

S. 3861 contains a special provision that, for two years following its enactment, would apply to the discontinuance of the last passenger train operated in either direction between certain points.

First, the jurisdiction of State regulatory commissions would be preempted for two years and the Interstate Commerce Commission would be vested with exclusive jurisdiction over the discontinuance of such trains.

Second, the Commission would be required to order the continued operation of the train for one year from the date of its order unless it found that public convenience and necessity did not require its continuance or that continuance of the train would impair the ability of the carrier to meet its common carrier responsibilities, considering the over-all financial condition of the carrier or carriers in question.

Third, the Commission could attach to its order requiring continued operation such conditions as it may presume to be just and reasonable to assure the preservation of a reasonable level of service for the train required to be continued.

The end result of these provisions with respect to last train operations would be to make it more difficult to remove such unneeded and losing train, to authorize the Commission to impose upon the carrier what might prove to be burdensome conditions and to require Commission to order the train continued in operation for one year rather than leaving the duration of operation to the discretion of the Commission based upon the facts and circumstances of the case. We do not think that the fact that the train in question is the last train in any way justifies the imposition of these burdens of law. On the contrary, where the passenger service cannot be made to pay its own way because of lack of patronage at reasonable rates, discontinuance seems called for and we think that such should be the case whether or not the train that cannot be made to pay its own way because of lack of patronage at reasonable rates is or is not the last train. If the train cannot be made to pay its own way because

of lack of patronage at reasonable rates there should be no sanctity in the last train situation.

S. 3861, by its amendment of Section 13a(2), would extend the present four-months provision to seven months. In other words, the State authority would be granted an additional three months before the carrier could file notice with the Interstate Commerce Commission. No case has been presented to you for this provision and it simply represents further delay in the elimination of unneeded and losing passenger train operations.

Moreover, S. 3861 would provide that, upon the filing with the Interstate Commerce Commission of a petition under Section 13a(2), the discontinuance of such passenger train would be subject to all of the provisions of Section 13a(1). We have extreme difficulty in interpreting this provision of S. 3861, since a petition filed under Section 13a(2) does not in any way lend itself to handling under the provisions of Section 13a(1). Nor is there any necessity for the provisions of Paragraph (1) to apply to such proceeding for the reason that the carrier cannot, under Section 13a(2), discontinue the involved train until the Commission has disposed of the case. However, if the purpose of this provision of S. 3861 is to place a time limitation under which the Commission must act on petitions filed under Section 13a(2), we would have no fundamental objection. I should point out that if the Interstate Commerce Commission's jurisdiction over the last train is to be exclusive, as I have stated, there would be no proceedings before that Commission with respect to such train under Section 13a(2).

S. 3861 will add a new Section 13a(3), providing that any person adversely affected or aggrieved by an order of the Commission entered after hearing pursuant to subparagraphs (1) or (2) of that Section might bring suit to obtain judicial review. Under such a provision it can be safely assumed that in every instance where a train would be discontinued under this section of the Interstate Commerce Act, and notwithstanding the unneeded and losing nature of the particular service being performed, the matter will be taken to court and it is most likely that the train will continue to operate indefinitely while the judicial processes are exhausted. Such an amendment is not designed, as is the present statute, to exert pressures upon public authorities to find solutions for the problem posed by a service allegedly needed by the public but which cannot be made to pay its way. Indeed, I have the feeling that public authorities, knowing they could through judicial processes keep the train in operation for an indefinite period of time, would be much less likely to exert themselves in an effort to find the needed solution.

S. 3861 would also provide that the notice of a proposed discontinuance by a particular carrier must be posted in every station, depot or other facility served by the train, including stations, depots or facilities on the property of other carriers which share in the operation of said train. While we appreciate the purpose of this provision in attempting to give more widespread notice of the proposed discontinuance, it does raise serious problems and difficulties. The noticing carrier has no control over the property of another carrier even though the latter carrier does share in the operation of the train. If such posting requirement is to be seriously considered it should not be an absolute requirement insofar as the noticing carrier is concerned and terms qualifying this posting requirement should be included.

S. 3861 would make two further amendments to Section 13a. The first would amend the second so as to cover a train operating to or from a point in a foreign country. Assuming that the jurisdiction of the Interstate Commerce Commission would apply only to that portion of the operation of the train conducted within this country, there would appear no particular objection to applying present provisions of law to such a situation.

The other and last mentioned amendment would provide that if a carrier, during the notice period, discontinued the train the Commission would retain jurisdiction to enter upon an investigation and to require the immediate restoration or the conitnuance of operation until expiration of the notice period. We believe the Commission has today, under the existing law, the authority that would be provided by this amendment and we deem the amendment wholly unnecessary. The present law provides that, upon the filing of a notice and during the notice period, the Commission shall have jurisdiction to enter upon an investigation and, having done so, to require the continued operation of the train for a period of four months. It is the duration of the notice period that governs the jurisdiction of the Commission and not the existence of the train operation.

Summarizing with respect to S. 3861, we submit that no substantial case has been made to your Committee justifying the amendments such bill would make to the present law. The end result of the bill would be to make it more difficult and costly to eliminate unneeded and losing passenger train service and to certainly prolong for an indefinite period of time the continuation of such service. In the meantime, the financial burden upon the railroads would continue and, in all likelihood, will mount. The railroad industry is strongly opposed to Section (1) of S. 3861 and, for the reasons I have stated, we urge this Committee to take no action on those proposals:

Section (2) of S. 3861 would authorize and direct the Secretary of Transportation, acting in cooperation with the Interstate Commerce Commission and other interested Federal agencies and departments, to undertake and submit, within one year after the date of enactment of the bill, a study of the existing and future potential for intercity railroad passenger service in the United States to the Committee on Commerce of the Senate and to the Committee on Interstate and Foreign Commerce of the House of Representatives. The bill enumerates six particular matters that the Secretary shall consider, among other things, in making such study. We have no particular objection to such a study and note that it would include all passenger transportaion needs by all modes of passenger transportation. We think that those conducting the study should not be limited to Federal agencies and departments but should include all modes engaging in the intercity transportation of passengers. If such study should be undertaken it would be our intent and purpose to fully cooperate. However, I must emphasize, as did Mr. Goodfellow, that the proposal of such a study or even the conducting of such a study should not be made the occasion or the vehicle for restrictive or burdensome statutory provisions that would make it more difficult or costly to eliminate unneeded and losing passenger train services.

Senator CANNON (presiding). Thank you, Mr. Goodfellow.

In your statement you point out that the railroads went to a lot of expense in trying to upgrade passenger equipment in the 1940's and 1950's, and yet you lost passengers to other modes of transportation. Do you think that the conditions are the same now as they were in the period of the 1940's, let's say immediately after the war, up until the early 1950's?

Mr. GOODFELLOW. I think so, Senator. Our passenger service was maintained mostly by businessmen and you know most business companies today tell their men to "fly, don't take the time to ride the train." So I don't believe we could count on any of that business coming back to us, even if we did improve our trains.

We just can't see how we can gamble any more, any further, with our money, gamble with our ability to perform a transportation function such as freight transportation. We just can't take any chances with our ability to do that by spending our money on passenger service.

But S. 2750 would permit the Government to help us continue some of these trains if it is determined there is a need.

Senator CANNON. Well, I think that it would seem to me we do need to review that general situation and find out if there is a need, if this is affecting the public interest to the extent that the Government must come up with some sort of subsidy assistance, then that may be what we may have to do.

Mr. GOODFELLOW. We think so. After all, yesterday the President said he was going ahead with the SST. Maybe we ought to take a look at the railroad passenger service in the same vein.

Senator CANNON. Hardly in the same vein. The SST is designed to operate across oceans, not necessarily across land so much.

Mr. GOODFELLOW. What is good for across the ocean is good for across the country.

Senator CANNON. I can't envision you running trains over the Pacific or the Atlantic either one. Now if an application for discontinuance is made a prerequisite to obtaining a subsidy under S. 2750, wouldn't this mean that the carriers would immediately apply to discontinue all of their passenger trains so they would then be eligible for subsidy?

Mr. GOODFELLOW. Well, I expect they would. There are very few trains I can think of that may even come close to breaking even. So I suppose that for all of the trains that are losing money, there would be a request made on the Interstate Commerce Commission to discontinue them so that the need could be determined then and there and the subsidy granted.

Senator CANNON. Don't you think that the Government should insist or be satisfied that carriers have made a substantial effort to carry on a profitable operation before they would be eligible for consideration?

Mr. GOODFELLOW. I think the Interstate Commerce Commission has always done that, most all of their investigations have looked at that and have seen whether the railroad has tried. They certainly did in their report in 1959. They gave us a clean bill of health on trying them.

I think you are a little familiar with some of the decisions they made in the *California Zephyr* case, where they said you are doing a good job trying, but try again.

Senator CANNON. Of course as you know the Interstate Commerce Commission has just held it has no authority in an adequacy-of-service case, which sort of seems to leave the door wide open.

Mr. GOODFELLOW. You know, Senator, there have been many times when a commission or somebody of this sort has talked to the railroad and if the railroad and the Commission were convinced that some change was necessary, as happened on the *California Zephyr* case a year ago, the suggestion was tried.

Senator CANNON. I'm not so sure a suggestion would be tried very frequently in the face of a decision that the Interstate Commerce Commission doesn't have authority in an adequacy-of-service case. Would you agree with that?

Mr. GOODFELLOW. I guess that's right. The Interstate Commerce Commission first is supposed to determine whether there is a necessity of public convenience need for the train.

Senator CANNON. Thank you very much.

The hearing will now stand in recess until 2 p.m. this afternoon.

(Whereupon, at 12:25 p.m., the committee was recessed to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

Senator HARTKE. The committee will come to order.

The first witness we will have will be William Johnson, chairman of the board of the Illinois Central Railroad Co.

STATEMENT OF WILLIAM JOHNSON, CHAIRMAN OF THE BOARD, ILLINOIS CENTRAL RAILROAD CO., ACCOMPANIED BY HENRY DAVENPORT AND WILLIAM J. TAYLOR

Mr. JOHNSON. Good afternoon, Mr. Chairman.

Senator HARTKE. Good afternoon.

Mr. JOHNSON. Mr. Chairman, I have with me on your left, Mr. William J. Taylor, vice president of the executive department, and on your right, Mr. Henry Davenport, vice president of passenger services of the Illinois Central Railroad.

These gentlemen are here because they know a good bit more about many aspects of this problem than I do, and I think it will be of some help.

As the chairman may know, we have submitted a written statement in my name, and I assume if anybody wants to read it, they can read it as well as I could.

Senator HARTKE. Fine. The entire statement will appear in the record at the end of your oral testimony; you may cover any portions that you deem pertinent.

Mr. JOHNSON. Thank you, sir.

I would like to say to the chairman and members of the committee that we welcome—the Illinois Central welcomes this investigation, and this inquiry, and congratulates you for addressing yourself to a problem which we believe is one of great importance to the railroad industry, the Illinois Central and I believe to the country.

It has various aspects and, of course, the statement of Mr. Goodfellow which the committee received this morning represents the view of the Illinois Central. We are represented on the board. We endorsed the policy statement which he submitted in support of S. 2750.

We agree with Mr. Goodfellow's comments and his assessment of the situation. I take it our purpose here representing the Illinois Central is to comment particularly with respect to our own railroad and perhaps to some extent to underline a point or two of broader national importance.

I would like to observe first that the importance of the problem to us is underlined by the fact that according to the recent Interstate Commerce Commission's study, the Illinois Central lost last year $7.4 million cash in operating intercity passenger trains. We have 16 trains. This was just about 50 percent of the total net railroad operating income of the railroad.

In other words, according to the Commission's conclusions, if we had not run any intercity passenger trains, our net railroad operating income would have been about 50 percent more than it actually was.

So you can see how very important the intercity passenger train problem is to us. We do look upon it as a problem.

We grossed on intercity passenger trains last year about $16 million. Our expenses, according to the Commission's conclusions, were about $23.5 million. We are a substantial carrier, one of those railroads which have hung on and cherished the notion longer than some others that we should continue to operate passenger trains to the best of our ability, to try to serve the people in our territory which is roughly mid-America, as the chairman knows, and we hauled last year about 3.5 million people on our intercity passenger trains.

We also have a commuter service which, of course, is not involved in the problem now before the committee, except that I think some reference to it might be appropriate.

In the commuter service we haul about 80,000 people a day to and from Chicago. Of course, this represents a lot more people than the intercity passenger trains. We are inevitably being forced out of the

intercity passenger train business, to the extent that the controls to which we are now subject will permit us to get out.

We don't like it, but it is inevitable. Why are we being forced out? In the first place, we don't have enough patrons. I guess the average train has a load factor of about 39 percent. We need 80 percent to break even. Twice as much as we are carrying.

We just don't have the patrons. About 100 people a train. We need about 200 people a train.

I am averaging, and in trying to make these points I am perhaps oversimplifying, but insufficient patronage is perhaps a principal factor as to why we are being forced into these hopeless deficits that we seem powerless to do anything about.

The second factor is constantly increasing costs, a spiraling cost that we are totally unable to control. I might observe quite a bit of this cost is a result of congressional enactment. We are not suggesting that the Congress should not have passed the law that added to the cost of intercity passenger trains; that's a different question.

But I do observe that some of our costs that are uncontrollable on our part result from congressional action. Others result from agreements with unions that we are unable to do anything about.

The third factor which is forcing us into intolerable deficits which is sapping the strength of the whole railroad is unequal Government treatment in the financial area. The Government has invested large sums of money in the modes of transportation that compete with us. So these three factors have brought us to the point where we don't see any changes—insufficient patronage, spiraling costs, and unequal Government promotion—and we think it is too late to recover from these basic trends.

So the question is what should be done? We are still in a private enterprise framework, the railroad industry of the United States is. Until the law is changed, we read the Interstate Commerce Act as endorsing private enterprise in the railroad system, even though we are the only country in the world that has a private enterprise railroad operation.

I think it is manifest that a private enterprise cannot continue indefinitely in a situation in which the out-of-pocket cash loss, $7.4 million, according to the Commission, and on a fully distributed basis, $17 million, where that loss consumes half of the earnings of all the rest of our operation.

We and the railroads are only carrying 1 percent of the total intercity movement. A private enterprise can't tolerate that situation. It must try to do something about it.

Since I have been with the Illinois Central we have lost cash in 3 short years of well over $20 million, running our passenger trains. So we must try to find some answers.

I think it is fortunate that this committee is addressing itself to this problem. One answer, of course, is to go out of business. A lot of people don't like this idea, and there are, of course, sentimental considerations, considerations perhaps of public interest, and some people would be adversely affected, certainly their convenience would be, whether their real needs would be may be debatable in a given case.

But what is the answer? We believe it is time for the Government and the railroads to form a partnership, at least on a tentative basis,

until further studies can be made as proposed by the Interstate Commerce Commission and others, and to form it now, without delay, so we can address ourselves to the question in a more deliberate way of where does the real public interest lie?

Perhaps the passenger train has reached the point where there is very little real public need. Perhaps that is true. Things do get obsolete. The stage coach was discontinued, and I expect there were some people that regretted that, and probably they wished that perhaps out of nostalgia or other reasons that the good old stage coach would have kept on operating. Probably it would have been a real convenience that it had.

Senator HARTKE. Do you mean to suggest that railroads are comparable to the stage coaches?

Mr. JOHNSON. No; but I suggest there is a possibility when the day would come that advancing technology would render obsolete the kind of service we are performing. It might be in the public interest to virtually wipe out the entire passenger train operation and start again with a whole new framework of operation.

But that's a difficult question which almost certainly would require most extended study and careful consideration by the Congress.

Many of the other suggestions which have been made would seem to require it. The problem we all have today is what are we going to do now?

So the railroad industry has done a most remarkable thing. First of all, they agree unanimously on something and that is remarkable.

Secondly, they agreed unanimously to ask the Federal Government to become a partner in attempting to maintain such service as the Government itself finds is essential in the public interest, and this is what S. 2750 seeks to do.

Now, Mr. Chairman, there have been suggestions that the real answer to the so-called passenger train problem is to tighten the screws on the railroads, pass new laws, make them run these trains even if they do lose their shirt. Make them run it on specified schedules. Make them improve the quality of service in given ways and set up a whole new framework of control regulations in much more detail than we have ever had before.

I would suggest, in my own view, that getting cooperation through a partnership arrangement, subject to governmental control, is a much better answer than simply tightening the screws any saying to the railroads. "No matter how much money you lose or how much it drains away financial vitality, we forbid it."

The big hands of new controls will not solve that problem. You suggested this morning a new approach is needed to this problem, and I certainly think that is true. When we identify precisely where the public interest lies, we suggest S. 2750 is the new approach.

There have been suggestions that this matter be further studied and I think in the United States a further study would be necessary before some of the ideas could be ligitimately detailed and framed in a way to be applied. But there have been studies all over the world of this same problem.

In fact, one of the first major investigations that I was in when I was a much younger lawyer and attempting to practice before the Commission was a passenger train investigation. I think we worked

on that about 3 years, and we went over all this in depth and asked all the same questions. The Commission did a most thorough job and issued a most comprehensive report. If we did it today we would find in degree there have been changes, but I would suggest that probably the same basic conclusions would emerge.

Look at the other countries of the world. Canada, Great Britain—all of them. I would like to emphasize this point—there is no country in the world that I know of where the Government does not finance passenger train operations except the United States. Every other country does it. They all made studies to find out what are the factors that produce the problem, and they all lost money, every single one of them. None of them has any answers except nationalize, which is just another form of government assistance, if you want to call it that, or such as the new Canadian Transport law—they have direct government reimbursement.

I don't regard this as a subsidy. I know everybody is going to call this a subsidy bill. But what we are really saying is if the Government says, "Sure, the train is losing a lot of money, but is it really necessary," if that is a service required by the public, the public must pay for it.

There are two ways that the public can pay. They can pay as a user when they get on the train, or they can pay through their Government, which is their instrument of representation, in a formal, organized society.

And that is what we propose to do. Because it won't work to make the user pay the cost of running the train.

Senator HARTKE. Are any of your trains making money today?

Mr. JOHNSON. Not a single one intercity. These losses are not small. We have a pair of trains which approaches a million dollar loss each way and if we are going to be a private enterprise and have a board of directors and use other people's money, private investing funds and go into the capital markets and seek to borrow money and buy new freight cars, and this is where we have great service capacity, there is no question about our usefulness in the freight business. But there is no way for me as chief executive to avoid saying at some point the loss is too big.

Senator HARTKE. What about the proposal contained in S. 2939 which is the passenger car pool proposal. What is your opinion on that?

Mr. JOHNSON. I don't think I am qualified to comment extensively on that. However, if there is a public need for a passenger train system, and I know there is in some specific and fairly limited areas, but by and large I doubt if there is very much real public need as distinguished from convenience—if there is such a need somebody has to provide some equipment somehow because there is no earthly way to justify putting any money in the passenger train system except in very limited situations.

Senator HARTKE. What about purchasing of the right of way and lease back?

Mr. JOHNSON. That suggestion I have heard discussed and I am sure the railroad industry would fear that selling out its right of way would threaten nationalization and Government ownership. I never have been so afraid of these fears. I see the airways are owned by the Government and the ordinary citizen doesn't know that but they really exist; the highways are owned by the Government; the waterways are financed by Government and I guess they own them.

I suppose it would be theoretically possible for the right of ways to be owned by the Government. It certainly is a totally unequal situation for us to attempt to compete when we invest the money in our own right of way and because we have done it we get the privilege of paying taxes to the individual States and because we are a railroad we pay discriminatory taxes.

You can't even get a sympathetic ear to outlaw State discrimination against the railroads.

Senator HARTKE. What about the proposal that the ICC should have authority to regulate the adequacy of service?

Mr. JOHNSON. I feel this way about that: If the public, through the Government, will tell us what they want us to do and pay for it, I will do whatever they want to do.

Senator HARTKE. In other words, you are saying if you couple the adequacy of service arrangement with the requirement that the deficit which is incurred be met by the Government, you would agree with that type proposition?

Mr. JOHNSON. Yes, with a qualification or two. One is this: I am not sure it would really be in the public interest, I am just saying how I feel about it.

I think there may be a very serious question as to whether we won't become embroiled in a situation that might run on indefinitely at the expense of the taxpayer.

As a railroad man I would perform the service if the public would want it and pay for it.

But the other qualification is this: Railroad people by and large are, or at least should be, much better at running trains and working out schedules and deciding day to day what really works and what is a waste of money than a regulatory agency.

I think the Commission's function is to determine policy primarily. If the Commission starts trying to run the trains you are going to be in a lot of trouble.

Senator HARTKE. What if the train schedule said they were going to leave at 11 o'clock, don't you think they should leave at 11?

Mr. JOHNSON. They should sure try. That is what we do, try.

Senator HARTKE. Well, I know at the hearings on some of the trains, the indications have been that schedules are treated as though they are immaterial.

Mr. JOHNSON. Senator, I don't think I have ever met a railroad man that really wanted to louse up his business and do a bad job.

Senator HARTKE. I can see where there would be a conflict, Mr. Johnson, in the case where they are moving freight which is paying the profit and moving passengers which is producing the loss.

Mr. JOHNSON. Mr. Davenport has responsibility for getting those passenger trains on time and running them there.

Senator HARTKE. Well, I am not familiar with the details; I just know in some of these hearings, for example, some of the places where the evidence has been pretty conclusive that it doesn't make any difference what kind of train you are running over a certain part of the track; certain places you have to go 10 miles an hour and you know you can't very well keep a schedule that requires that you travel faster than that if you have to travel 10 miles an hour due to the condition of the track.

Mr. JOHNSON. There is no problem in passenger service that money won't cure. If you put enough money in the roadbed and the equipment and pay enough wages, you can do a right good job.

Now, there are failures from time to time, but you have problems like this——

Senator HARTKE. I am not talking about the time-to-time failures; I am talking like the Metroliner. It does leave on time and it arrives on time. I guess it arrives ordinarily within a minute of its scheduled arrival.

Mr. JOHNSON. It represents a large investment. My testimony was wrong where I referred to a $9 million payment by the Government in connection with the Metroliner and I understand actually it is more like $2 million, so far.

But if you put enough money in and establish enough Metroliners, most of whom will lose money, I believe——

Senator HARTKE. Well, they are not going to cost the Government much more than the SST.

Mr. JOHNSON. I agree with that, Senator. The Government is currently investing every year about $10 for every person that gets on a commercial airplane; about $10. Not long ago it was $7. Now it is up to $10.

Now, it would cost the Government $2.10 to reimburse us for our actual cash, out of pocket losses per passenger on the Illinois Central.

Senator HARTKE. I think that is a significant statement. I think this committee should take cognizance of that. I think the difficulty is that we have looked at these things in a narrow view, about passenger service on a train without giving a thought to what happens. Maybe we ought to go to all-bus travel; maybe that would be better.

Mr. JOHNSON. This is a basic problem of allocation of national assets on a priority basis that is in the best public good. This is not just a railroad problem or people problem in one of our States that we serve.

There is no doubt in my mind, for example, with respect to commuter service that the national assets, whether it be our money or the Government's money, ought to be put in the commuter service, because this is a real public need; no doubt about that.

A lot of these passenger trains do not represent, in my opinion, a real public need. It would be so much cheaper to run a fleet of buses and if the railroad wastes money the Nation wastes money.

If you want a sensible allocation of national assets in dollars it would be a lot better to run a lot more buses and fewer passenger trains and people would probably be better off.

I hope there is some thought given to the fact that last year Federal, State, and local government invested about $20 billion in highways, airways, airports, waterways, all competing with the railroads.

How much did they invest in railroads? Well, if it is $10 million I will eat my hat.

Senator HARTKE. Don't plead poverty too hard, though, somebody might take you up on it someday. You know what happens with poverty; it either becomes distasteful or profitable. Be careful about those two terms.

Mr. JOHNSON. The return on investment in the Illinois Central last year was 2.1 percent. The Illinois Central is diversifying in the interest

of preserving some financial stability for our stockholders and giving us access to capital markets.

One of the great problems in the freight service is the heavy drain of the passenger service. It is not just the problem of the people that ride the train but it is a problem of the freight shipper.

The act of 1958 was passed after extensive study of this problem. The purpose was to make it easier to get rid of losers that were draining away the railroads' vitality.

More recently the Commission, responsive to pressures and sensing the discontinuance of virtually the whole passenger train system has made very careful study of all these trains and some trains have been required to be operated in the public interest in spite of losing large sums of money.

I say this cannot go on and have a railroad system with financial health in private enterprise. In particular, the passenger train fleet of the Illinois Central is 33 years old.

You talk about on-time performance. The power that pulls the passenger trains, the cars that make up the passenger train, these things go bad. You spend more and more money repairing and they do get late and get later and then you have to take cars out. It becomes pretty unpleasant.

This goes back to the fact that the passenger train fleet in the United States is old. What happens when it wears out? What happens is that you have increasing losses with increasing maintenance and equipment expenditure. You have a poorer reliability factor and it is getting worse and the safety of the operation could be affected.

In the figures that were given to your committee, there is nothing really included for replacing passenger equipment. It would cost us $66 million today to replace our passenger train system. What are we going to do when it runs out?

If the public interest requires the trains continue to be operated, the public should provide us with some cars or pay us so we can provide the cars. Either way suits me. But this is a problem that cannot be swept under the rug.

As it is now, if you are going to have private enterprise, you have to permit these trains to be discontinued.

The answer, I think, right now, is to reimburse the railroads for the losers where the Commission concludes after investigation and findings that it is in the public interest to run those trains. Somebody ought to pay us for it.

That is the immediate problem and the immediate answer. Once you do that, then you can take your time and make studies of purchasing the right of way, maybe, or the problem of access to capital markets with the passenger train system.

But it is so important that the freight train capability of the railroad industry be preserved rather than deteriorate.

I think in summing up you might say this: There are four principal reasons why we have this problem. One is that there is a great preference for the private automobile and the airplane. The airplane is fast and we can never do anything about it. This is technological advance.

Private automobile is convenient and you can never do anything about it.

There are great highways; automobile registrations have increased about four times in the last 11 years.

There is no stopping this kind of invasion into the patronage of the railroad system. Nobody can do anything about the speed of the airplane or the convenience of the automobile, particularly when the Government is spending so much money to make those increasingly attractive.

The second big point, aside from the preference for other means of travel which the public has, is the spiraling costs which are just too great to be met.

Now, we lost the mail, most of it; five-sixths of our load has gone out of the passenger train system. So what have we now? I think there may be a public interest in operating for the indefinite future to the University of Illinois and Southern University. We tried very hard with a good many imaginative schemes to make this very attractive. Beyond that I really doubt there is any public interest today in continuing trains on Illinois Central. All of them lose money and we probably should file right now to discontinue every single one of them. The equipment is 33 years old.

This presents us with an insoluble problem, but it is a typical pattern that what we are doing now is running a standby service for Christmas, Easter, during vacation time when the children are home.

The thing that has maintained the passenger train system has been mail which is virtually gone, express which is virtually gone and the business traveler and he is gone.

There is no prospect of any of those returning to the passenger train system.

I mentioned the situation in other countries of the world. They all studied it; all have identical problems. Every single service in the world has trains that lose money. They all have come to the same conclusion: Whatever service is going to continue to be performed will be financially assisted by their government and that is what I believe this committee should conclude at this time.

Technological change has had an impact and Government financing of competitors has had an impact and unless both of those things are changed, we just can't see any other answer but the one we have proposed.

Mr. Chairman, I think that that might sum up most of what is in that long written statement of mine. I would be delighted to answer any further questions.

Senator HARTKE. Thank you for that pessimistic statement. I don't have any other questions.

Mr. JOHNSON. On these other bills, as I understand these bills, none of them is really inconsistent with S. 2750 and none of them will solve the passenger train problem.

S. 2750 will solve it at least temporarily and with proper safeguards for the public funds. We will do a good job if somebody will pay for it.

(The full statement follows:)

STATEMENT OF WILLIAM B. JOHNSON, CHAIRMAN OF THE BOARD, ILLINOIS CENTRAL RAILROAD CO.

My name is William B. Johnson. I am Chairman of the Board of the Illinois Central Railroad Company, one of the major passenger carrying railroads in the country.

The Illinois Central does not want to go out of the passenger business. It is, however, being forced out of that business as a result of insufficient use of the trains by the public, spiraling costs of operation and unfair governmental promotional policies. There is little or no reason to believe that any of these trends will reverse themselves in the future. If railroad intercity service is required by the public, the public through its government should assume any deficit incurred in the operation. I will comment on this more at length later in my statement.

The Illinois Central carries 80,000 to 90,000 pasengers per week day in commuter service, and operates 16 trains per day in intermediate and long-distance intercity service (plus one additional train every other day). These trains are: The Illini and The Shawnee (operating between Chicago and Carbondale, Illinois), The Mid-American (operating between Chicago and Memphis, Tennessee), The Panama Limited and The City of New Orleans (operating between Chicago and New Orleans, Louisiana), connecting Trains Nos. 105 and 106 (operating between St. Louis and Carbondale), The Hawkeye (operating between Chicago and Sioux City, Iowa), The Governor's Special (operating between Chicago and Springfield), The City of Miami (operating between Chicago and Miami, Florida), and The James Whitcomb Riley (operated jointly with the Penn Central between Chicago and Kankakee). You will have noted many of these intercity trains include such name-trains as the Panama Limited, City of Miami and City of New Orleans.

Although my remarks today will primarily be confined to the operation of intercity trains, I should point out that our desire to continue in the passenger business is aptly demonstrated by the operation of our commuter service.

This service, which operates between Randolph Street in downtown Chicago and Richton some 29 miles south of Chicago with two short branch lines serving the South Shore area of Chicago and Blue Island, Illinois, is designed to provide a means for the mass movement of the south suburban people between their homes and places of business. We recognize that in this area there is no substitute for mass transportation. The highway approaches to the cties have reached a point of saturation and accordingly there is a definite public need for it. We have, therefore, been cooperating with the public in an attempt to improve the service and the facilities. As an example, we recently cooperated with the Chicago South Suburban Mass Transit District in progressing an application to the Department of Transportation for new equipment. This method of providing equipment will enable us to keep the fare structure at a reasonable level. As a result of the grant obtained we will be able to provide the service on a break even or nominal profit basis. The same should be true of the operation of our intercity trains.

Surely the committee members are aware of the results of the 1969 Interstate Commerce Commission study of eight railroads, including the Illinois Central, and representing 42% of the national intercity revenue passenger miles. Certain of the findings developed in this study should be emphasized.

The average age of the passenger fleet for the eight railroads studied was 22 years. The average age of the Illinois Central passenger fleet was 33 years. For the year 1968, on a fully allocated ICC basis, excluding commuter, the total loss for the eight railroads' passenger operations was $214,298,022. The ICC study reported a total *avoidable* loss of $118,076,768 for the eight carriers or 55.1 percent of the full allocated basis. My own company reported for the year 1968, on a fully allocated ICC basis, excluding commuter, a loss of $17,665,333 from passenger operations. The ICC showed for my company an avoidable loss of $7,362,577 or 41.7 percent of our reported fully allocated loss, excluding commuter operations.

The study also showed the Illinois Central Railroad spent $1.45 for every $1.00 of revenue it earned from passenger operations. The average of the eight railroads was $1.83 for every $1.00 of revenue. In fact, the Illinois Central Railroad rate was the lowest of the eight. The highest was $2.42 for every $1.00 of revenue. If we could apply the percentage developed by comparing 1968 fully allocated losses to the avoidable loss developed by the ICC study for the Illinois Central to our reported fully allocated losses for the past five years, one can see my company has absorbed estimated cumulative avoidable losses of $36,695,034, as indicated by Exhibit A attached to my statement.

Replacement of our 33 year old passenger fleet, including passenger locomotives, but excluding commuter equipment, would now cost $66,360,000. Unless the present fleet is replaced between 1970 and 1980, there will be three extremely

detrimental results: 1) losses will continue to increase due to the rising cost of maintaining this over age equipment, 2) the reliability of the service will further deteriorate, and 3) safety of operation could be affected.

It is, of course, common knowledge that since World War II the railroad passenger business has steadily declined. Accordingly, in 1958 with the nation facing deteriorated passenger and freight rail service as a result of an annual passenger deficit of over 600 million, Section 13a of the Interstate Commerce Act was enacted. This section was designed to provide a simple procedure for railroads to discontinue deficit service which the public no longer required. Some of the more recent decisions of the Interstate Commerce Commission have found that there are occasions when passenger trains should be operated in the public interest even though continued operation involves enormous losses by the owner railroads. If there is a public need for such a service that cannot even produce sufficient funds to cover the cost of operation, then surely in a private enterprise system the carrier should be made whole for the losses incurred. Some of the cases to which I refer are: *Northern Pacific Ry. Co. Discontinuance of Trains*, 333 ICC 15 (1968), involving the "Mainstreeter" with an annual loss of $1,300,000; *Southern Pacific Co. Discontinuance of Trains* and *Western Pacific R. Co. Discontinuance of Trains*, 333 ICC 525 (1968), involving the "California Zephyr" with 1967 loss of $600,000 and the "City of San Francisco" with 1967 loss of $285,000; *Norfolk and Western Ry. Co. Discontinuance of Trains*, 334 ICC 506 (1969) involving the "Wabash Cannonball" with 1967 loss of $460,000 and 1968 loss of $576,000.

Although the Illinois Central has tried hard, with both new and conventional efforts, to assure retention of this business, the dollars continue to drain away. Despite all these efforts we are inexorably being forced out of the intercity passenger business as a result of a combination of factors. These factors which are largely, if not entirely, beyond the control of management are: 1) the overwhelming preference of the public for other transportation; 2) the inability to operate passenger trains at a break even point; 3) financial and credit problems relating to capital requirements; and 4) an unfortunate and distorted tendency to confuse the vocal occasional user of a train (who actually has acceptable alternatives) with an actual and demonstrated public need for a train.

1. THE PREFERENCE OF THE PUBLIC FOR OTHER TRANSPORTATION

One of the major factors affecting intercity rail passenger service is the preference of the traveling public for traveling by private automobile, by air, and in other cases by public bus. The tremendous increase in registration of private automobiles has contributed immensely to the decline of rail passenger patronage. This ownership has gone from approximately 20 million vehicles in 1947 to almost 82.8 million vehicles in 1968. Our society has progressively acquired more automobiles until we have reached a point where 80% of our families own one automobile and 26% of our families own two or more. During this same period, federal, state and local governments have increased highway capital expenditures from an annual rate of approximately $2.8 billion to slightly over $14.5 billion. For all practical purposes modern highways now parallel our entire railroad. The great expansion of highways, added to the conveniences of the auto driver's ability to write his own schedule and receiving door-to-door service, have made the private automobile much more attractive than public conveyances.

It is particularly notable that in the area of long haul travel, the airplane with its speed advantage has further cut into the intercity rail passenger market. A typical example is the Illinois Central's Panama Limited which traverses 921 miles between Chicago and New Orleans in 16 hours and 30 minutes, compared to jet travel time for the same distance of approximately 2 hours. To a large degree, business travel, which is the backbone of public intercity travel, has gravitated to the airplane because of the time saving and there is no way we can overcome this tremendous disadvantage. Federal and state investment in airport and airway improvements increased from an annual expenditure of 336 million dollars in 1955 to an expenditure of 1,128 million dollars in 1966. This huge investment in airport and airway facilities is directly related to the increase in airline passengers from 45.2 million in 1957 to 118.7 million in 1967, while rail passengers decreased from 162 million in 1957 to 98.1 million in 1967.

In other words, in the decade between 1957 and 1967 the annual governmental investment in airline passengers rose from $7 to $10 per passenger. This con-

tinuous annual tax investment of dollars is a definite inducement and advantage for the movement of passengers by air.

The Illinois Central is merely asking to be made whole. A government investment to accomplish this would be considerably less than the tax investment in air travel, inasmuch as railroad facilities are already available. For comparative purposes the Illinois Central operating deficit as reported to the Interstate Commerce Commission would require a government tax investment of $5 per passenger or, on the basis of the Illinois Commerce Commission's 1969 avoidable cost study, a tax investment of $2.10 per passenger.

2. INABILITY TO OPERATE PASSENGER TRAINS AT A PROFIT.

In the years prior to the development of extensive air services and the Interstate Highway system, passenger train revenues were derived from a reliable volume of mail (both preferential and bulk), from express traffic, and from a steady flow of passengers traveling for both business and pleasure reasons. In recent years most of the profitable long-haul mail and express has been lost and there is very little travel on passenger trains for business reasons. We are left with short to intermediate distance mail traffic, and with spasmodic passenger travel largely for personal and pleasure reasons.

This former traffic has primarily been diverted to air and highway carriers. Our former long-distance bulk mail has been diverted to rail freight and to highway freight carriers. We continue to handle some bulk mail in passenger service, but not a great deal, and only for distances up to a few hundred miles. Much of this mail originates from the Chicago catalog mail order houses and moves to smaller cities, and we are faced with the movement of empty cars and vans back to Chicago.

At one time, the passenger train was the essential tool of the businessman, who demanded first-class travel. The businessman travels at all seasons of the year, regardless of weather and personal conveniences. Today, the consistent intercity business traveler uses the airlines and private automobiles. The result is that our intercity trains now experience sharp peaks and valleys. Generally, our summer travel is heaviest because children are available for trips. Sharp peak loads occur over Easter, Memorial Day, Fourth of July, Labor Day, Thanksgiving, and Christmas, New Year and usually the weekends preceding or following these holidays. Our periods of light travel are generally January through May and mid-September through mid-November. Our Chicago-Florida train experiences its peak loads during the normal Florida travel seasons.

A good example of what has happened to many of our passenger trains is summed up in a report of the Interstate Commerce Commission in 1968 involving the discontinuance of our "Seminole" trains, which once operated between Chicago and Florida.[1] The Commission found:

"The Seminole has undergone changes in its basic nature. Once a heavy passenger carrier from Chicago to the southeast, it then became essentially a mail and express carrier as its patronage declined, moving to the alternate services by rail and other common carriers. Now the mail and express have also found their way from these trains, but the alternate services remain and have even grown stronger. This is shown by the profits of recent years turning into deficits so that the expenses of the three participating railroads exceed revenues by about a half million dollars annually."

Like many other trains, the "Seminole" was heavily used during a few short periods of the year, but most of the time was very lightly patronized in most of its territory.

We experience occasional heavy movements of students at semester and term breaks, as well as on national holiday periods. This occasional university student travel often coincides with occasional heavy travel by other members of the public. For these reasons, at certain times of the year all IC coaches are pressed into service for very short periods, while most of the year we have to maintain a large standby fleet. Our railroad receives no over-all benefit from handling sudden short surges of passenger traffic. In fact, occasionally these surges are of such magnitude that they catch us without adequate passenger equipment and give us a black eye with the public. During these periods the general public, including highway and airway travelers, benefit, rather than the railroad, as our trains help relieve overcrowded highways and airways.

[1] Illinois Central Railroad Co. Change in Service, 333 ICC 853, 873–874 (1968).

It is inevitable that a railroad such as the Illinois Central incurs large losses in operating standby services for occasional users a few times a year. Any attempt to continuously absorb such losses, in the face of publicly financed competition, and a poverty rate of return on investment, threatens our basic ability to serve safely and efficiently at at reasonable profit those shippers of freight and those individuals who do need us for regular passenger service. Therefore, if our passenger train schedules have to operate on a year-round basis to meet occasional and peak requirements of society; then it is essential that society, organized as government, must pay for our operating deficits and replace our worn-out cars and engines.

3. FINANCIAL PROBLEMS

As I initially indicated, the 1969 ICC study of passenger service economics of eight railroads showed that each of the eight could avoid large losses by eliminating all passenger services. This situation is not substantially different from that in other countries of the world with regard to passenger services. I am advised the Department of Transportation statistics show that, to name only a few, the Canadian, the United Kingdom, Brazilian, and Indian Railway Systems' rail passenger operations all operate at large losses. These countries recognize rail passenger services cannot be supported by revenues, and provide some form of state assistance. Accordingly, the concept of S. 2750 substantially follows the approach being utilized in other countries of the world.

In the case of the Illinois Central Railroad the ICC study shows the Illinois Central has avoidable costs amounting to approximately $7.4 million annually. This avoidable cost, however, does not cover the cost of replacing our intercity passenger fleet, including passenger locomotives, which I previously stated would be approximately $66,360,000. The Interstate Commerce Commission, in its report of July 16, 1969, advised the fleet must be replaced within ten years if we are to provide efficient and safe service to the public.

Accordingly, the concept of S. 2750 to lease equipment to the carrier, where required, is necessary. Since the lease rental cost is not included in the aforementioned avoidable costs, it should also be considered in determining a governmental investment in the service. The Chairman of the Interstate Commerce Commission, Mrs. Virginia Mae Brown, has advised the Chairman of this Committee relative to this report, stating "Should the public need for such service warrant retention of these trains that cannot be operated without significant losses, we (the ICC) will support a program of federal aid to the carriers."

4. OCCASIONAL CONVENIENCE VERSUS DEMONSTRATED AND SUBSTANTIAL PUBLIC NEED

Attempts are frequently made to retain the last remaining train between two points, even though the public use of the train has practically disappeared. These cases serve as examples of the sentimental relationship that exists between certain segments of society and rail passenger service. The problem of the deficit passenger train involves serious economic considerations of priorities in the allocation of the nation's transportation assets. Sentimentality has no proper place in the resolution of this problem, however tempting it might be. As George W. Hilton, Professor of Economics of the University of California at Los Angeles, indicated in a recent address, "Regulatory Commissions frequently misrepresent the 'public' by giving undue emphasis to the few vocal individuals who object to the discontinuance of passenger trains."

Professor Hilton indicates that the voices of these few individuals should not be taken as representative of the great majority of the public who are actually uninterested as evidenced by their lack of use of the train. This type of criticism is constructive and demonstrates that it is extremely important for any given regulatory agency involved in a train discontinuance case to differentiate between the slight inconvenience to a few members of the public and the discontinuance as it relates to the genuine requirements of public convenience and necessity. I am sure the Interstate Commerce Commission attempts to do this to the best of its ability.

However, huge capital resources must be employed to provide and maintain trackage systems, roadbeds, signal systems and rolling stock. Accordingly, it is imperative that the new and replacement investments for our railroad be so made as to best serve the public, making productive use of the railroad's services and to provide a return on those investments. To do otherwise would be to

act to the detriment of our freight shippers, employees and stockholders. The end result could be that we would be pushed out of business completely. We on the Illinois Central are now faced with a decision related to the foregoing factors. We probably should file immediately to discontinue virtually all of our remaining intercity trains, as there is no possible way to invest large sums of money in the railroad passenger business and hope to obtain a return on it.

In my opinion it is obvious that a railroad should not continue to offer intercity passenger train service in a corridor where a bus can provide all the real transportation needs of the public. A train, with its cars and locomotives, even assuming we were permitted to operate with a minimum crew of two members, represents two to four times as much capital and manpower commitent than is socially or economically necessary. There must be a limit to the amount of rail passenger service offered in high density areas, even if the deficits were defrayed by the general public through the taxing power. It has been our experience on the Illinois Central that a minimum of 200 passengers per trip throughout the entire distance traveled is required to justify the operation of an intercity train. I submit this figure should serve as a minimum regulatory guideline for establishing the need to retain a given subsidized service.

In concluson, I would again remind the Committee that the Congress of the United States has, for the past 20 years or more, poured vast sums into such other forms of transportation as airways, highways, and waterways. The latest annual figures (1966) which have come to my attention are $1.128 billion for airways, $14.528 billion for highways and $.712 billion for waterways (rivers and harbors). That adds up to a total subsidy to our competitors of $16,368,000,000. During this same period only $9 million of public funds, a microscopic fraction of $16 billion has been invested in intercity passenger service. This was in connection with the Metro Liner demonstration project. Even though this is a pittance, it is a step in the right direction. Accordingly, I earnestly submit that if the intercity rail passenger transportation system is to survive S.B. 2750 deserves your support.

If public support such as proposed by S.B. 2750 is not made available, then we of the railroad industry will continue to seek relief. We must continue to ask the Interstate Commerce Commission to apply the Transportation Act of 1958 in accordance with the Congressional intent at the time of enactment.

ILLINOIS CENTRAL RAILROAD

Development of cumulative avoidable losses for 5 years period—1964–1968

(Excluding suburban)

See attached sheet for reported Illinois Central—ICC full deficit for year 1968—avoidable expense deficit and percent of avoidable deficit to full deficit.

The years 1964–1967 shown below were developed on same basis as 1968 full deficit shown in attached sheet from ICC Report of July 16, 1969.

	ICC full deficit	Estimated avoidable expense (col. 1×41.7 percent)
1964	$17,762,341	$7,406,896
1965	17,073,841	7,119,792
1966	18,102,539	7,548,759
1967	17,402,902	7,257,010
1968	17,665,333	7,362,577
Total		36,695,034

CHAPTER 5—NET AVOIDABLE EXPENSES VERSUS PUBLISHED DATA FOR THE STUDY CARRIERS

A. ICC FULL DEFICIT

The total net avoidable expenses, for all the study carriers, of $118.1 million is only 55.1 percent of their total ICC full deficits. For these intercity carriers, the use of the full deficit results in a major overstatement of the savings which the

carriers could have made by the complete cessation of their intercity service as operated in 1968.

The net avoidable expenses of individual carriers as a percent of their full deficits varied from the Illinois Central, which could save only 41.7 percent, the Great Northern, which could save 67.2 percent.

TABLE 21.—NET AVOIDABLE EXPENSES AGAINST ICC FULL DEFICIT

Carrier	Reported ICC full deficit (1)	Net avoidable expense deficit (2)	Percent col. 2 divided by col. 1 (3)
AT & SF	$43,119,536	$26,673,758	61.9
C. & O.-B. & O.[1]	25,173,662	12,689,274	50.4
GN	17,245,501	11,595,723	67.2
IC[1]	17,665,333	7,362,577	41.7
MP	8,009,171	3,536,076	44.2
SCL	36,567,451	19,330,989	52.9
SOU	26,630,334	14,936,730	56.1
UP	39,887,034	21,951,641	55.0
Total	214,298,022	118,076,768	55.1

[1] Intercity only.

Senator HARTKE. All right, thank you. The last witness we have today is J. R. Getty, vice president of passenger traffic of the Seaboard Railroad Co.

You may proceed, sir.

STATEMENT OF JAMES R. GETTY, VICE PRESIDENT, PASSENGER TRAFFIC OF THE SEABOARD COAST LINE RAILROAD CO., RICHMOND, VA.

Mr. GETTY. My name is James R. Getty. I am vice president, Passenger Traffic of the Seaboard Coast Line Railroad Co., with offices in Richmond, Va. I have been in the railroad passenger traffic business for over 30 years. The past 17 years I have been head of the passenger traffic department of this company and one of its predecessor lines.

I appear before you today to support S. 2750, which would amend section 13a of the Interstate Commerce Act so as to provide for reimbursement to a railroad of the cost of its operating uneconomic interstate passenger train services performed under order of the Interstate Commerce Commission. In my judgment, passage of this bill or something very much like it is absolutely essential to the future of railroad passenger train service.

The Seaboard Coast Line Railroad, as you know, is the result of the merger July 1, 1967, of the former Atlantic Coast Line Railroad and the Seaboard Air Line Railroad. Our lines of railroad extend from Richmond, Va., on the north, to Tampa, St. Peterburg, Miami, and other point in Florida, on the south, and as far west as Birmingham and Montgomery, Ala. We have 9,280 miles of road and serve the six States of Virginia, North and South Carolina, Alabama, Georgia, and Florida.

The managements of both of these constituent companies had a very positive attitude toward passenger business and the operation of their passenger trains. They energically promoted and did everything they could to increase their passenger train revenues. This same positive attitude is the attitude of the merged company, the Seaboard Coast Line.

We are fortunate in serving the North-South avenue which has a good flow of traffic, and our territory offers excellent attractions for year-round vacation travel.

Included in our passenger train fleet are some of the leading trains in this country, such as the Silver Meteor, Champion, Silver Star, and in the winter season the deluxe Florida Special. We operate these trains jointly with other lines between New York, Washington, the Southeast, and Florida.

We also operate in conjunction with other lines the streamliners City of Miami and South Wind between Chicago and Florida, as well as the Gulf Wind between Jacksonville and New Orleans, plus a number of trains serving intermediate territory. To provide this service we have 89 passenger train locomotives, 308 stainless steel lightweight passengers cars and a large number of heavyweight head-end cars and coaches which are used as needed in our secondary trains.

Our streamlners have reserved seat coaches, sleeping cars with a wide array of accommodations, dining cars, tavern loungers and other features. In addition to the regular train crews, you will find passenger service agents, registered nurses, and chair car attendants, which services have been offered continuously since 1939.

During midafternoon we have hospitality hours when orange juice and coffee are served with the complements of the railroad. The delux winter season Florida Special has hostesses, movies, fashion shows, games, telephones, candlelight dinners, and champagne on the house. As a result of the merger, this train is now operated over the most expeditious route of the combined lines and provides a 24-hour schedule between New York and Miami.

To promote and sell this service, we have 30 sales offices located in key cities, offline and online, ranging from Boston, New York, Philadelphia, Baltimore, Washington, Pittsburgh and Chicago in the North, to Miami, Fort Lauderdale, West Palm Beach, Sarasota, Tampa, and St. Petersburg in the South.

Principal functions of these offices include familiarizing the general public, travel agents and those connected with travel and passenger transportation with our services. Information and reservation service is provided by the office staffs, and solicitation includes all facets of sellings, such as personal contact, telephone, direct mail, sales blitzes, and special promotions involving sizable groups.

Commissions are paid to recognized travel agents on both rail and sleeping car business. In order to create new traffic we offer a wide variety of individual package tours, and we arrange many special tours for various groups.

Our sales efforts continue to have the benefit of an advertising program which includes newspapers, radio, magazines, billboards, and special promotions. While we have made modest upward adjustments in our fares to take care of some of our increasing costs, at the same time we offer reduced incentive fares in an endeavor to stimulate new traffic and entice passengers to offpeak periods.

And yet, despite our continual efforts to promote our passenger service and make it attractive and appealing, the number of passengers carried has steadily declined.

From 3,492,000 in 1950, the number went to 2,766,000 in 1955, 2,191,000 in 1960, 2,042,000 in 1965 and 1,457,000 in 1968.

Our passenger revenue has also declined.

In 1950 our passenger revenues were $30,547,000, in 1955 they were $28,846,000, in 1960 they were $28,714,000, in 1965 they were $28,774,000, and in 1968 they were $22,194,000.

The average distance traveled per passenger on the Seaboard Coast Line alone has increased from 359 miles in 1950 to 493 miles in 1968. This indicates that our long distance, blue ribbon trains continue to attract substantial patronage and that the decline has occurred primarily on our secondary type and local trains where there is simply not the potential and where the competition of the private automobile is most heavily felt.

Many of the passenger trains which we operated during this period, of course, carried mail and express, and this traffic too has suffered a serious decline. Our mail revenues last year were about half of what they were in 1950 and this year will be even less. Moreover, much of the mail is no longer handled in passenger trains but in freight piggyback service. Express revenues in 1968 were less than a third what they were in 1950 and what express traffic the railroad does enjoy is now carried in piggyback service, the rest having been diverted to other forms of transportation.

In addition to trying to combat these downward trends by promoting our passenger trains and making the service attractive, efforts have been made to reduce expenses, and as a last resort we have discontinued those trains that were the big money losers when it was clear that in the nature of things they could not be made profitable.

The merger of the ACL and SAL has enabled us to reduce duplicate passenger train mileage and facilities, not only without adversely affecting our service but in many instances actually improving it.

Our passenger deficit in 1968, under the Interstate Commerce Commission's fully allocated cost formula, was $36.5 million. In its July 16, 1969, report to Congress, entitled "Investigation of Costs of Intercity Rail Passenger Service," the Commission found that the passenger train service we provided in 1968 resulted in an avoidable-expense loss of almost $19.5 million. Our company's net income for that year was only $12,232,037.

Notwithstanding the performance of our Florida streamliners, it is obvious and also an understatement to say that this passenger service involves a financial burden which this company cannot bear.

In these days of severe competition, our freight traffic cannot, nor should it be expected to, make up our passenger train losses. These losses are a substantial drain on funds greatly needed for maintenance and improvements in property and equipment.

Nevertheless, we want to continue providing passenger service if we can. There are still many people who want to ride trains, and with the country's population increasing as it is, we believe there will continue to be a substantial number of people who desire to use good train service in the territory we serve, particularly to and from Florida.

The question is how long it will be possible for use to provide this service, which our experience demonstrates is a continually losing proposition. We should not be expected to provide passenger service at a loss. I therefore support S. 2750, which would reimburse us for the

loss incurred when the Interstate Commerce Commission requires us to continue operating a losing passenger service.

Another serious and difficult question relates to our equipment. The oldest lightweight stainless steel cars in our passenger fleet were acquired new in 1939 and 1940, the most recent ones in 1956. Their age thus ranges from 13 to 30 years. Five years ago we bought 40 lightweight stainless steel cars from other railroads and placed them in operation in our through trains. The average age of the lightweight stainless steel cars we operate is about 20 years. The heavyweight coaches and the head-end cars are much older.

As cars become older they not only lose customer appeal, but become more difficult and expensive to maintain. Components, such as air conditioning, heating, plumbing, and wiring, are more prone to malfunction and the cars are therefore more often out of service for repairs.

In short, it would be desirable to replace much of our passenger train fleet with new equipment that will offer innovations and comfort for passengers, plus dependability of operation with lower maintenance costs for the railroad.

It is not practicable, however, for us to replace this equipment under today's conditions. The lightweight passenger equipment we acquired since the end of World War II cost us approximately $30 million, and the 97 diesel electric locomotives we acquired during this period to pull these passenger trains cost us over $17 million.

The cost of this equipment today would be vastly higher. The cost of designing, enginering, and starting up a production line for just a few trains would be so high as to be prohibitive to the SCL.

S. 2750 would provide that if we need certain passenger train equipment in order to comply with an order of the Commission to continue operatnig a particular passenger train service, the Secretary of Transportation shall acquire it and lease it to us. While this may not entirely answer the question of how we replace our passenger train fleet, it is a step in that direction and I therefore support it.

Thank you, Mr. Chairman.

I also want to say that I appreciate very much the opportunity to be here.

Senator HARTKE. Is Mr. Rice still president?

Mr. GETTY. Yes.

Senator HARTKE. Do any of your passenger trains make money now.

Mr. GETTY. We think our through trains between New York, Washington, and Florida do make a contribution to the operation of our company.

Senator HARTKE. In other words, you feel that they do make money?

Mr. GETTY. Yes, we feel they make a financial contribution.

Senator HARTKE. Mr. Rice said if he was going to write a book, one of the chapters of the book would be about the passenger service which he says is making about an 8-percent return. Is that, in your opinion, correct?

Mr. GETTY. I am not familiar with that one, Mr. Chairman.

Senator HARTKE. Well, one chapter in Rice's book would have to do with the Seaboard coastline passenger service. In the last year the road has succeeded in eliminating about 3,000 of its passenger miles largely unneeded, formerly handling about 8 percent of its express

service. It is now making about 8 percent from operating through streamliners daily between New York and Florida.

Mr. GETTY. Yes, on our New York, Washington, Florida trains we think they make a contribution to our operation, and we base that on an out-of-pocket basis. We have had an opportunity to make a study on the individual trains on an avoidable cost basis.

Senator HARTKE. Do you favor ICC authority to regulate adequacy of service?

Mr. GETTY. I did not hear you.

Senator HARTKE. The authority over adequacy of service which ICC says they do not have at the present time, do you favor giving them such authority?

Mr. GETTY. Mr. Chairman, I think that may have merit, and I see no objection to it providing we get this relief. Yesterday, as I sat here in a very interesting hearing, I was interested to hear the comments about the need and urgency for the continuation of rail passenger service.

I also heard people mentioning aids to other forms of transportation; someone mentioned $50 million to one form of transportation, and $200 million in aids to navigation, and there were comments about the SST program of almost a billion dollars, most of which will be paid out of public funds; and I heard people comment about the need to have rail passenger service on a standby basis; and somebody talked about, I believe, a master transportation plan, and then there was a proposal for moratoriums. As I recollect, the moratoriums seemed to only affect the railroads. I would say there might be merit in many of these things, but we cannot afford to suffer the financial drain from all these losing trains while these things are going on.

So we cannot object to the study, but if we want to preserve and continue the passenger business and stop this drain, I think the answer is to pass this bill S. 2750.

Senator HARTKE. How do you account for the fact that you are able to make a profit on those through trains?

Mr. GETTY. As I said in here, these trains service north-south routes where there is a good flow of vacation travel, we service vacation attractions, both in the north and south, and we have year-around travel in large numbers on those trains. They are different in character. They are large trains, maybe 17 or 18 cars, they have sometimes anywhere from 400 or 500 or more people on them. They are quite in contrast to some of these other trains that people talk about that have been discontinued.

I think one thing in discussions here is that some of these so-called passenger trains may even be a misnomer. They are in the passenger train account but they were really primarily mail and express trains and had few passengers on them.

When the mail and express came off there was no use for them or need. So they were counted in all these trains that came off, but really they were predominantly mail and express trains. They were carried in the passenger accounts because maybe they had a passenger coach on them.

Senator HARTKE. Well, I want to thank you for your testimony. I might say I am still looking for that one great idea to pop out of somebody's fertile mind.

Mr. GETTY. And, as I think it was said earlier today, this bill S. 2750, I believe is a refreshing and fertile idea in itself.

Senator HARTKE. It is certainly not new to have the Government pick up the bill. I am not saying it is bad, but it is not necessarily new. What we need is a new Newton on the scene.

Mr. GETTY. Thank you very much, it was nice to be here.

Senator HARTKE. All right, these hearings will be recessed until 10 o'clock tomorrow morning.

Correction, 9:30 tomorrow morning. I hope anyone who is scheduled to appear here at a later hour will appear on time.

(Whereupon, at 2:55 o'clock p.m., the hearing was adjourned.)

PASSENGER TRAIN SERVICE LEGISLATION

THURSDAY, SEPTEMBER 25, 1969

U.S. SENATE,
COMMITTEE ON COMMERCE,
SURFACE TRANSPORTATION SUBCOMMITTEE,
Washington, D.C.

The subcommittee met at 9:30 a.m., in room 5110, New Senate Office Building, the Honorable Vance Hartke presiding.

Present: Senators Hartke, Cannon, and Prouty.

Senator HARTKE. The committee will come to order.

The first witness scheduled this morning is Senator Allott. He has been delayed and we will take him when he comes later this morning.

We will now hear the Honorable Reginald Whitman, Administrator, Federal Railroad Administration, Department of Transportation.

STATEMENT OF REGINALD N. WHITMAN, ADMINISTRATOR, FEDERAL RAILROAD ADMINISTRATION; ACCOMPANIED BY CARL V. LYON, DEPUTY ADMINISTRATOR; AND JAMES H. MacANANNY, DIRECTOR, OFFICE OF POLICY AND PROGRAM ANALYSIS

Mr. WHITMAN. My name is Reginald N. Whitman, Federal Railroad Administrator. I have with me on my right Carl V. Lyon, Deputy Administrator, and on my left is James H. MacAnanny, Director, Office of Policy and Program Analysis, Federal Railroad Administration.

On behalf of the Department, I wish to thank the committee for affording us this opportunity to present our views on the subject of railroad passenger service and the bills on this subject presently pending before the committee. Other witnesses have presented considerable testimony on the passenger train problem and I will try not to cover the same ground.

The present level of about 500 daily intercity passenger trains is indeed a much different situation than was the case when Congress last acted on this issue, with the enactment of section 13a of the Interstate Commerce Act in 1958. Eleven years later we again are at a point where revenues from passenger service have declined at a much faster rate than the costs of providing the service. The result has been a sharply rising passenger deficit. The drain on railroad finances is severe at a time when available capital is very scarce and when deferred maintenance of roadbed, a vital factor in railroad safety, is building sharply. If anything, the passenger train dilemma is more perplexing than it was in 1958.

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While the public would apparently like to have modern rail passenger service at its disposal, that desire is not readily translated into passenger traffic. Levels of patronage and revenues necessary for a break-even or marginal operation are difficult to achieve. Private autos and the jet airliner have replaced the passenger train to the extent that we no longer have a national railroad passenger capability, although the basic elements of a national system remain.

There is a general belief that poor quality of rail service and lack of interest on the part of the railroad industry was the main element that brought about the dismantling of a once massive rail passenger network. Such criticism may be justified in certain cases but it is not the basic reason for the overall decline in intercity rail service. Where once the businessman, vacationing family, and occasional traveler had to go by train, the choice of rail today runs a poor third. The public wants the speed of air travel and the economy and flexibility of the private auto. Another factor in the decline of the passenger train is the mounting cost of providing even the level of service we have today. Many lines are down to one train a day each way. All remaining costs directly related to passenger services must be borne by that one pair of trains, rather than perhaps four or six trains a day that were running a few years ago. This produces an impossible situation for the railroads, one in which they may lose money, even if the train runs at capacity every day. A third factor in this matter is that there has been an almost complete lack of public assistance to keep passenger trains modern and comfortable.

Thus, I would describe the railroad passenger problem, and the events which brought the situation to where it is today, in terms of low use, high costs, and lack of public assistance. These same problem elements are also critical in any plan to structure a future role for intercity rail service. The rail passenger service issues involve large questions of public policy. Solutions may require large sums of private or public funds. A great industry and its employees are concerned that something be done. Most important, those who ride the trains want action.

The Federal Railroad Administration has been examining the problem since hearings on the passenger train question in the last Congress. While our study is not complete, we have identified alternative plans which I would like to discuss with you briefly. We are led to the conclusion that any requirement for continued service lies essentially in a number of short-haul, high-density corridors; plus perhaps a skeletal long-distance service. We endeavored to examine intercity markets in which present air and highway congestion suggests the need for the rail alternative. Also considered were markets that may not need rail service today but conceivably could as population and traffic congestion increases. The cost of financing this type of service is something we have been analyzing with our own staff resources.

One possible program would be to provide passenger service in those areas where local public agencies are willing to join with the Federal Government to provide funds to operate the routes. The Federal commitment would be in the form of capital grants for planning of routes, acquisition of equipment, upgrading of track and stations, and testing and demonstration of equipment. Under this program, a public agency willing to participate financially and assume a

share of the project costs could apply for Federal assistance. Public agencies would be permitted to join together and to jointly make the application for Federal aid, such as is done in rapid transit, airports, and highways programs.

Some favor this program because it provides for the acceptance of financial responsibility on the part of local agencies which believe passenger service is needed. This is a built-in protection against poorly conceived programs. This plan would be responsive to future needs. Further, it allows maintenance of essential service to local areas and offers financial relief to railroads which continue the particular passenger service. Criticism of the plan is that it is too restricted because it saves only those routes having a local financial sponsor.

A second possible program involves a legislative proposal to charter a private corporation to provide rail passenger service in selected high-density routes throughout the Nation for at least a 3-year period. The corporation, which we have called "Railpax" in our discussions, would have a board of directors composed of stockholder representatives and Presidential appointees. The plan envisions ownership of stock by railroads and the public.

Railpax would enter into contracts with existing carriers to operate the passenger service which Railpax desires to preserve or initiate. Neither fares nor routes would be subject to jurisdiction of the Interstate Commerce Commission. Should Railpax find a given service unprofitable and wish to discontinue it, States or municipalities could contract with Railpax for partial or full support of the service. The railroad relieved of the burden of providing a particular deficit passenger service would pay a levy to Railpax, equal to 50 percent of the annual avoidable cost savings which the railroad claims in its train-off case before the ICC. The levy would be collected over each of 3 years following discontinuance, for a total of 150 percent of total savings claimed. It is estimated that the levy upon the railroads would amount to about $330 million.

The major advantage of Railpax is that no Federal funds are required. Other advantages are that only essential service will be maintained and that there is no dependence on local initiative, except in cases where local groups act to prevent discontinuances by Railpax by advancing full or partial financial support. Disadvantages of the plan are the imposition of another level of management on top of present management; and reduction of Federal control through removal of rail passenger service from the regulatory process.

A third possible program would provide Federal grants for rolling stock equipment, and initial roadbed and station improvements. The only condition required would be the otherwise profitable operation of the route or the availability of State or local subsidies to cover operating deficits. On the plus side this plan would afford some financial relief to railroad passenger service; it would provide an opportunity to improve service, and would allow State and local participation in the preservation of essential routes. Further, it would assist in meeting the critical problem of replacing wornout or obsolete passenger equipment, and would provide for the initial upgrading of undermaintained right-of-way and rundown stations now used in passenger operations. A drawback to the plan is, of course, that Federal funds will be required.

And the otherwise profitable condition to which I referred would severely limit the selection of lines.

I think it is clear, from this brief review of the areas which the Department is exploring, that we are covering the wide range of bills that are before your committee. Those include proposals directing the Department of Transportation to study the problem of passenger service requirements; granting Federal consent to creating regional intercity passenger service authorities; providing for a moratorium on ICC approval of rail mergers and passenger train discontinuances; and providing Federal funds for capital acquisition-leasing and operating subsidy.

We have carefully reviewed the various bills, particularly in regard to the alternative programs we have under discussion. The Department would have serious doubts as to the advisability of a moratorium or the use of Federal funds to subsidize operating deficits. However, these proposals, along with other legislative suggestions, are being analyzed fully as we explore all possible solutions to the longstanding and complex passenger train problem.

In our analysis, we are attempting to utilize all the information available to us from the high-speed ground program. Most recently available to us is a survey of rail passenger traffic in the Northeast Corridor for the January to June period of this year. We have copies of this with us and we would like to submit them for the record. We are releasing the survey statistics this week. They indicate a substantial number of passengers were diverted from auto or air to the Metroliner service.

Another information source is the Department's Northeast Corridor transportation study which is developing a data base and system by which passenger transportation needs and the means of satisfying such needs can be evaluated. The Department must look ahead to new technologies for moving people—technologies that transcend the conventional steel wheel on steel rail. In this regard we have been actively researching the promising tracked air cushion vehicle. We are also looking at the hovercraft, the hydrofoil, and vertical/short takeoff and landing aircraft as possible means of providing high speed-high density passenger transportation in the future.

Finally, we will be consulting with the various groups and individuals concerned with this problem to obtain the benefit of their views.

In effect, Mr. Chairman, the Federal Railroad Administration and the Department have been studying the problem of the role of rail passenger service in the total transportation system in much the same manner as recommended by a number of the pending bills. However, we are about 3 months away from completing our analysis and recommending a course of action. We need the additional time to define more precisely the question of need in terms of routes, priorities, and costs, and assess the implications for other modes of transportation. While we realize that the committee is anxious to work out a solution, we hope that you can defer action on all pending legislation until we are prepared to offer positive recommendations.

This concludes my prepared statement, Mr. Chairman. I shall be pleased to answer any questions the committee may have.

(The U.S. Department of Transportation Rail Passenger Survey follows:)

RAIL PASSENGER STATISTICS IN THE NORTHEAST CORRIDOR

U.S. Department of Transportation
Office of High Speed Ground Transportation
Demonstrations Division
September 1969

(145)

INTRODUCTION

This is the second report of rail passenger traffic in the Northeast Corridor (Washington-New York and New York-Boston routes) and covers the January-June 1969 period. The earlier publication "Rail Passenger Statistics in the Northeast Corridor" was issued in February 1969 and covered the 1967 and 1968 calendar year periods. That publication describes the background and methodology of the data collection programs.

Although the two-year New York-Washington high speed rail demonstration for which the Government and the Penn Central have contracted has not started, interim service has been introduced as follows: two round trips per day which began January 16 and February 10, 1969, respectively and one non-stop round trip on weekdays which began April 2, 1969.

Turbo service was introduced between Boston and New York with one round trip daily which began April 8, 1969.

HIGHLIGHTS OF THE DATA

Passenger Volume

....New York-Washington corridor rail passenger traffic increased by 273,000 to 3,771,000 in the January-June 1969 period over the same period in 1968. Metroliner traffic of 228,000 passengers represented most of the increase but higher traffic on conventional trains also contributed to the increase.

(Table I)

....New York-Boston corridor rail passenger traffic decreased substantially (30%) in the January-June period from 1,149,000 passengers in 1968 to 807,000 in 1969. The decrease reflects the discontinuance of eleven trains on February 2, 1969. The Turbo (one round trip per day) was introduced April 8, 1969 and accounted for 18,000 passengers through June 30.

(Table I)

....The New York-Washington city pair experienced the greatest increase of any city pair in the January-June 1969 period; passenger volume over the previous year rose by 55% from 232,000 to 360,000. Metroliner trains accounted for 95,000 of the 128,000 increase.

(Table II)

....Traffic declined on all of the 21 city pair combinations of the New York-Boston corridor. The New York-Boston city pair passenger decrease was more moderate than for other city pairs, however; traffic decreased 11,000 (7%) to 157,000--this was less than the 16,000 decrease from January-June 1967 to January-June 1968. The New York-Boston city pair accounted for approximately half of the total 18,000 Turbo passenger volume.

(Table III)

....The numbers of passengers on-board by segments (links) during January-June 1969 versus the comparable 1968 period increased on all route segments between New York and Washington and decreased on all segments between New York and Boston.

(Tables IV & V)

....Metroliner load factors through June 30, 1969 have averaged about 75%. The only Metroliner run significantly below the average was the morning non-stop from New York to Washington which experienced a 41% load factor.

(Table VI)

....The Turbo load factor through June 30, 1969 averaged about 70% between New York and New Haven and 54% between New Haven and Boston.

(Table VII)

Socio-Economic Characteristics of Passengers

....Metroliner passengers are older than conventional train passengers (60% were over 35 versus 45% on conventional trains) and have higher incomes (34% versus 19% had incomes of $25,000 and over).

(Table VIII)

....Twice as many Metroliner passengers than conventional resided in states outside the Corridor (12% versus 6%). Approximately the same percent of passengers were male on Metroliner and conventional trains (64% and 62% respectively).

(Table VIII)

....Conventional train passengers tended to be younger during January-June 1969 compared with the same period in 1968 (55% versus 47% were 35 or under). There were no other notable year to year differences in the characteristics of passengers on conventional trains.

(Table VIII)

Travel Characteristics of Passengers

....Nineteen percent of Metroliner passengers were traveling on first class tickets compared with 5% of conventional train passengers. All Metroliner passengers paid full fare since commutation tickets and other special fares were not available; 32% of conventional train passengers were traveling on commutation or special fare tickets.

(Table IX)

....Approximately the same share (47%) of both Metroliner and conventional train travelers were traveling on business.

(Table IX)

....Metroliner passengers were less frequent travelers; 34% had last made the trip over 6 months ago or never (versus 20% of conventional train passengers) and 62% (versus 43%) made the trip 5 times or less in the past year.

(Table IX)

Past and Expected Travel Mode Usage

....Of the Metroliner passengers, 50% used the train the last time they made the trip and 23% used the plane. Of the conventional

train passengers, 71% used the train and only 6% used the plane on their previous trip.

(Table X)

.....A high percent of both conventional and Metroliner passengers (82% and 84%) report that they expect to use the train the next time they make the trip.

(Table X)

Passenger Ratings of Train Service Attributes

.....With two exceptions (smoothness and the food), the service attributes were rated "excellent" or "good" by over 80% of Metroliner passengers. The Smoothness of the Ride and The Food were rated "excellent" or "good" by 55% and 64% respectively of the Metroliner passengers.

(Table XI)

.....Only "Courtesy of Conductor" was rated "Excellent" or "Good" by over 80% of the conventional train passengers. Five attributes were rated "fair" or "poor" by 50% or more of the conventional train passengers: Attractiveness (rated "fair" or "poor" by 72%), Cleanliness (62%), The Food (62%), Smoothness (54%) and Quietness (50%).

(Table XI)

.....Conventional train passengers rated every service attribute lower in January-June 1969 than in the same period in 1968.

(Table XII)

TABLE I
RAIL PASSENGER TRAFFIC

New York-Washington Corridor Traffic	Jan-June 1969 Metroliner Trains a/ (000)	Jan-June 1969 Conventional Trains (000)	Jan-June 1969 Total (000)	Jan-June 1968 Conventional Trains (000)	Jan-June 1967 Conventional Trains (000)
Southbound	109	1788	1897	1764	1751
Northbound	119	1755	1874	1734	1721
Total	228	3543	3771	3498	3472

New York-Boston Corridor Traffic	Jan-June 1969 Turbos b/ (000)	Jan-June 1969 Conventional Trains c/ (000)	Jan-June 1969 Total (000)	Jan-June 1968 Conventional Trains (000)	Jan-June 1967 Conventional Trains (000)
Eastbound	9	395	404	606	623
Westbound	9	394	403	543	580
Total	18	789	807	1149	1203

Source: Data Tag program, which includes with minor exceptions, passengers on through trains between New York, Philadelphia and Washington and on the Shore Line between New York and Boston.

a/ Two round trips per day began January 16 and February 10, 1969 respectively and one non-stop round trip daily except Saturday and Sunday began April 2, 1969.

b/ One round trip per day began April 8, 1969.

c/ Eleven trains discontinued on February 2, 1969.

TABLE II
NEW YORK-WASHINGTON CORRIDOR RAIL PASSENGER TRAFFIC
VOLUME PER ORIGIN-DESTINATION LINK

ALL CITY PAIRS	Jan-June 1969			Jan-June 1968	Jan-June 1967
	Metroliner Trains a/ (000)	Conventional Trains (000)	Total (000)	Conventional Trains (000)	Conventional Trains (000)
New York-Philadelphia	34	1224	1258	1182	1129
New York-Trenton	3	496	499	491	474
New York-Washington	95	264	359	232	266
Philadelphia-Washington	26	208	234	202	219
Trenton-Philadelphia	**	189	189	200	193
New York-Baltimore	26	156	182	150	159
Newark-Philadelphia	3	176	179	177	163
Philadelphia-Wilmington	1	130	131	146	150
Newark-Trenton	*	167	167	169	147
Baltimore-Washington	3	127	130	128	131
Philadelphia-Baltimore	7	120	127	128	130
New York-Wilmington	10	98	108	102	103
Trenton-Washington	5	35	40	38	46
Wilmington-Washington	4	38	42	39	41
Newark-Washington	6	34	40	31	35
Wilmington-Baltimore	1	26	27	28	28
Newark-Baltimore	2	21	23	20	21
Trenton-Baltimore	1	16	17	18	19
Newark-Wilmington	1	10	11	10	10
Trenton-Wilmington	**	8	8	7	8
TOTALS	228	3543	3771	3498	3472

Source: Data Tag program, which includes with minor exceptions, passengers on through trains between New York, Philadelphia and Washington.

a/ Two round trips per day began January 16 and February 10, 1969 respectively and one non-stop round trip daily except Saturday and Sunday began April 2, 1969.

* Metroliner tickets not sold for travel between Newark and Trenton.

** Less than 500 passengers.

TABLE III
NEW YORK-BOSTON CORRIDOR RAIL PASSENGER TRAFFIC
VOLUME PER ORIGIN-DESTINATION LINK

ALL CITY PAIRS	Jan-June 1969			Jan-June 1968	Jan-June 1967
	Turbos a/	Conventional b/ Trains (000)	Total (000)	Conventional Trains (000)	Conventional Trains (000)
New York-New Haven	3,100	201	204	244	245
New York-Boston	8,900	148	157	168	184
Providence-Boston	400	54	54	121	129
New York-Bridgeport	*	59	59	115	115
New York-New London	1,100	69	70	93	103
New York-Providence	3,400	68	71	94	104
New York-Stamford	*	54	54	92	101
New Haven-Boston	700	29	30	41	41
New London-Boston	100	25	25	36	36
New Haven-New London	**	11	11	21	23
New Haven-Providence	200	12	12	22	21
New London-Providence	**	5	5	16	15
Stamford-Boston	*	12	12	16	16
Bridgeport-New Haven	**	9	9	14	15
Stamford-New Haven	*	8	8	14	13
Bridgeport-Boston	200	9	9	12	12
Stamford-Bridgeport	*	5	5	11	11
Stamford-Providence	*	4	4	6	6
Bridgeport-Providence	100	3	3	6	6
Stamford-New London	*	2	2	3	3
Bridgeport-New London	*	2	2	4	4
TOTALS	18,200	789	807	1149	1203

Source: Data tag program which includes passengers on the Shore Line between New York and Boston

a/ One round trip per day began April 8, 1969
b/ Eleven trains discontinued on February 2, 1969
* Turbo tickets not sold between these city pairs
** Less than 50 passengers.

TABLE IV

NEW YORK-WASHINGTON CORRIDOR RAIL PASSENGER TRAFFIC

VOLUME PER ORIGIN-DESTINATION LINK

PASSENGERS ON BOARD BY SEGMENT	Jan-June 1969			Jan-June 1968	Jan-June 1967
Northbound On Board Between:	Metroliner Trains [a] (000)	Conventional Trains (000)	Total (000)	Conventional Trains (000)	Conventional Trains (000)
Washington-Baltimore	75	323	398	338	367
Baltimore-Wilmington	93	411	504	429	463
Wilmington-Philadelphia	97	490	587	519	554
Philadelphia-Trenton	96	1085	1181	1081	1078
Trenton-Newark	95	1245	1340	1245	1219
Newark-New York	89	1043	1132	1039	1036
Southbound On Board Between:					
New York-Newark	80	1163	1243	1118	1095
Newark-Trenton	85	1325	1410	1319	1288
Trenton-Philadelphia	87	1067	1154	1087	1074
Philadelphia-Wilmington	83	533	616	564	611
Wilmington-Baltimore	81	433	514	454	500
Baltimore-Washington	65	323	388	331	371
Total On Board Between:					
Washington-Baltimore	140	646	786	669	738
Baltimore-Wilmington	174	844	1018	883	963
Wilmington-Philadelphia	180	1023	1203	1083	1166
Philadelphia-Trenton	183	2152	2335	2168	2152
Trenton-Newark	180	2570	2750	2564	2507
Newark-New York	169	2166	2335	2157	2131

Source: Data tag program which includes with minor exceptions, passengers on through trains between New York, Philadelphia and Washington.

[a] Two round trips per day began January 16 and February 10, 1969 and one non-stop round trip daily except Saturday and Sunday began April 2, 1969.

TABLE V
NEW YORK-BOSTON CORRIDOR RAIL PASSENGER TRAFFIC
VOLUME PER ORIGIN-DESTINATION LINK

PASSENGERS ON BOARD BY SEGMENT	Jan-June 1969			Jan-June 1968	Jan-June 1967
	Turbos [a] (000)	Conventional [b] Trains (000)	Total (000)	Conventional Trains (000)	Conventional Trains (000)
Eastbound On Board Between:					
New York-Stamford	8	301	309	380	415
Stamford-Bridgeport	8	292	300	371	398
Bridgeport-New Haven	9	273	282	329	354
New Haven-New London	8	193	201	247	266
New London-Providence	8	164	172	208	222
Providence-Boston	6	135	141	187	199
Westbound On Board Between:					
Boston-Providence	5	142	147	207	218
Providence-New London	6	152	158	212	218
New London-New Haven	7	176	183	239	255
New Haven-Bridgeport	8	262	270	345	356
Bridgeport-Stamford	8	283	291	392	402
Stamford-New York	8	296	304	426	438
Total On Board Between:					
New York-Stamford	16	597	613	806	853
Stamford-Bridgeport	16	575	591	763	800
Bridgeport-New Haven	17	535	552	674	710
New Haven-New London	15	369	384	486	521
New London-Providence	14	316	330	420	440
Providence-Boston	11	277	288	394	417

Source: Data tag program which includes passengers on the Shore Line between New York and Boston.

a/ One round trip per day which began April 8, 1969.
b/ Eleven trains discontinued on February 2, 1969.

TABLE VI
METROLINER LOAD FACTORS [a]

ROUTE SEGMENTS	JAN-JUNE 1969						
	NORTHBOUND			SOUTHBOUND			TOTAL
	#2000 [b]	#2002 [c]	#2004 [d]	#2001 [b]	#2003 [c]	#2005 [d]	
Washington-Baltimore	64	63	77	60	60	41	61
Baltimore-Wilmington	83	82	77	74	79	41	76
Wilmington-Philadelphia	85	88	77	76	84	41	79
Philadelphia-Trenton	84	89	77	84	84	41	80
Trenton-Newark	80	89	77	81	83	41	79
Newark-New York	72	85	77	73	79	41	74

Source: Data tag program which includes with minor exceptions, passengers on through trains between New York, Philadelphia and Washington.

[a] Percentage of available seats
[b] Service started Jan. 16, 1969
[c] Service started Feb. 10, 1969
[d] Service started April 2, 1969 (non-stop New York-Washington daily except Saturday and Sunday)

TABLE VII
TURBO LOAD FACTORS [a]

ROUTE SEGMENTS	April - June 1969		
	Eastbound #3002 [b]	Westbound #3001 [b]	Total
New York-Bridgeport	69	69	69
Bridgeport-New Haven	71	69	70
New Haven-New London	62	60	61
New London-Providence	62	51	57
Providence-Boston	47	40	43

Source: Data tag program which includes passengers on the Shore Line between New York and Boston.

a/ Percentage of available seats
b/ One round trip per day began April 8, 1969

TABLE VIII
SOCIO-ECONOMIC CHARACTERISTICS OF NEW YORK-WASHINGTON
CORRIDOR RAIL PASSENGERS

Socio-Economic Characteristics	Jan-June 1969		Jan-June 1968
	Metroliner Trains	Conventional Trains	Conventional Trains
Age			
20 and Under	7%	11%	10%
21-35	33	44	37
36-50	35	26	31
51-65	21	16	18
66 and Over	4	3	4
	100%	100%	100%
Family Income			
Under $5,000	4%	11%	11%
$5,000 to $9,999	12	24	27
$10,000 to $14,999	19	22	22
$15,000 to $24,999	31	24	22
$25,000 and Over	34	19	18
	100%	100%	100%
Sex			
Male	64%	62%	62%
Female	36	38	38
	100%	100%	100%
State of Residence			
In Corridor	88%	94%	94%
Out of Corridor	12	6	6
	100%	100%	100%

Source: On Train Survey, which includes, with minor exceptions, passengers on through trains between New York, Philadelphia, and Washington.

TABLE IX
TRAVEL CHARACTERISTICS OF NEW YORK-WASHINGTON CORRIDOR
RAIL PASSENGERS

Travel Characteristics	Jan-June 1969		Jan-June 1968
	Metroliner Trains	Conventional Trains	Conventional Trains
Type of Ticket Used			
Regular	100%	68%	65%
Commutation	0	13	12
Other	0	19	23
	100%	100%	100%
Class of Ticket			
Coach	81%	95%	94%
First Class	19	5	6
	100%	100%	100%
Trip Purpose			
Personal	42%	43%	42%
Business	47	46	45
Some of Both	11	11	13
	100%	100%	100%
Frequency of Travel Per Year			
None	27%	16%	16%
1-5	35	27	27
6-10	15	14	14
11-20	10	13	13
21-50	9	12	12
Over 50	4	18	18
	100%	100%	100%
When Last Trip Was Taken			
Within a Week	17%	35%	*
Within a Month	23	24	*
Within 3 Months	16	14	*
Within 6 Months	10	7	*
Within a Year	8	6	*
Over a Year Ago	16	8	*
Never	10	6	*
	100%	100%	

Source: On Train Survey, which includes, with minor exceptions, passengers on through trains between New York, Philadelphia, and Washington.

*Information not collected in 1968.

TABLE X
PAST AND EXPECTED TRAVEL MODE USAGE
NEW YORK-WASHINGTON CORRIDOR RAIL PASSENGERS
JAN-JUNE 1969

Modes	Mode Used Last Time	
	Conventional Train Passengers	Metroliner Train Passengers
Train	71%	50%
Bus	4	4
Auto	19	23
Plane	6	23
TOTAL	100%	100%

Modes	Mode Expected To Use Next Time	
	Conventional Train Passengers	Metroliner Train Passengers
Train	82%	84%
Bus	2	1
Auto	12	8
Plane	4	7
	100%	100%

Source: On Train Survey, which includes, with minor exceptions passengers on through trains between New York, Philadelphia and Washington.

TABLE XI
METROLINER AND CONVENTIONAL TRAIN PASSENGERS
RATINGS OF SERVICE ATTRIBUTES
NEW YORK-WASHINGTON CORRIDOR

Service Attributes	Jan-June 1969			
	% of Metroliner Pass. Rating		% of Conv. Trn. Pass. Rating	
	Excellent-Good	Fair-Poor	Excellent-Good	Fair-Poor
Comfort of Seats	97%	3%	58%	42%
Quietness	81	19	50	50
Smoothness	55	45	46	54
Lighting	98	2	72	28
Temperature	85	15	54	46
Cleanliness	99	1	38	62
Attractiveness	97	3	28	72
Courtesy of Conductor	96	4	90	10
Time Trip Took	92	8	77	23
Cost of Train	85	15	70	30
Overall Pleasant Experience	93	7	59	41
The Food	64	36	38	62

Source: On Train Survey, which includes, with minor exceptions, passengers on through trains between New York, Philadelphia and Washington.

TABLE XII
CONVENTIONAL TRAIN PASSENGERS
RATINGS OF SERVICE ATTRIBUTES
NEW YORK-WASHINGTON CORRIDOR

Service Attributes	Jan-June 1969 % of Conv. Trn. Pass. Rating		Jan-June 1968 % of Conv. Trn. Pass. Rating	
	Excellent-Good	Fair-Poor	Excellent-Good	Fair-Poor
Comfort of Seats	58%	42%	63%	37%
Quietness	50	50	52	48
Smoothness	46	54	48	52
Lighting	72	28	76	24
Temperature	54	46	59	41
Cleanliness	38	62	44	56
Attractiveness	28	72	35	65
Courtesy of Conductor	90	10	92	8
Time Trip Took	77	23	81	19
Cost of Train	70	30	74	26
Overall Pleasant Experience	59	41	65	35
The Food	38	62	43	57

Source: On Train Survey, which includes, with minor exceptions, passengers on through trains between New York, Philadelphia and Washington.

Senator HARTKE. Senator Cannon, do you have any questions?

Senator CANNON. I would just say, Mr. Whitman, that this is a very fine statement. I am glad to see that you are doing as much as you are in this area.

We will certainly look forward to seeing your report. You say you will have a report ready in about 3 months?

Mr. WHITMAN. Yes, sir. We have been working on it. There are some things that are going to take about 3 months to bring it together.

Senator CANNON. At that time you will give us your recommendations as to the course of action you believe is the best to follow?

Mr. WHITMAN. Yes, sir.

Senator CANNON. Are you exploring any other possibilities? Other than the three alternatives that you indicate here?

Mr. WHITMAN. Yes, sir. We have other possibilities, some are variations of the ones that we spoke of. We are also looking into other modes of rapid ground transportation.

We think anything that we recommend should not only include the conventional rail systems as we know them today, but also take care of, hopefully, the future; that is, use of such things as TACV, the tracked air cushion vehicle.

I might tell you that last week I went to France and took a look at their tracked air cushion vehicle. They have a vehicle, a full-sized, 80-passenger vehicle, that operates at—the one I was on operated at 165 miles an hour—and with no wheels! They claim, and this we have to verify, that it has a rather high speed potential, something up to 300 miles per hour.

They have about 12 miles of the guideway in operation. It has been in operation only a short time, maybe 2 or 3 months, so it is a little early to have much data.

Senator CANNON. Is it just a research project at the present time?

Mr. WHITMAN. No, sir; it has gone beyond that. They did have a research project initially with a half-scale model. The new vehicle is a full-scale operation.

Senator CANNON. Where does it operate?

Mr. WHITMAN. Between Orleans and Paris.

Senator CANNON. Orleans. I was stationed there during the war. Does it run that full distance now?

Mr. WHITMAN. No, sir. They have 12 miles of the guideway in operation. This guideway is of cement and some 16 feet above the ground. It allows passage underneath, so if it is constructed through farmland, for example, they could still farm.

It has no grade crossings, of course. This has a lot of possibilities. We are going to be extremely interested in what can be done with this.

We are also doing some in-house experimentation on a TACV in our Office of High Speed Ground Transportation. But the French seem to be ahead of us in this field.

We have two men going to Japan this week to talk with the Japanese on their Tokaido line operation. They want a little data from us and we need some data from them.

Our high-speed ground people also are looking at the so-called gravity-tube train, which is a subsurface system that holds some possibilities. It is a rather revolutionary idea. Right now it looks a little

fantastic, but I don't think, as we get into it, it is going to be quite as far away as we might believe at this time.

There are some other methods that could be available for transportation. We have looked at some of them, including the aerial tramway that is in the drawingboard and model stage.

Another system known as the "dash-a-veyor" could be of considerable use for short distances between airports and nearby cities.

While in France, I contacted the Director General of the French Railroads. They are doing a great deal of experimentation on their rail line with turbotrains. I think they have come to the conclusion that the turbotrain is the immediate answer so far as they see it at the present time.

I also visited their Metro system, which while it is not in my jurisdiction, I was very much surprised at the extent that these people are building an underground system in Paris. They have one station they are building near the Arch of Triumph that is all below ground; it has three distinct levels. The capacity may be explained by the fact that when it is completed it will have 50 escalators.

This is an enormous thing. It makes one realize that this problem is a big problem and it is going to take big thinking to solve it.

We hope to give this our very best effort to come up with what we hope will be the most suitable system for our country.

Senator CANNON. Are you also checking on the overhead monorail system?

Mr. WHITMAN. Yes, sir. This aerial tramway is a modification of that. It seems to hold some possibility. It runs on a cable, though.

Senator CANNON. Thank you, Mr. Chairman.

Senator HARTKE. Mr. Whitman, this study you are conducting at the present time, is that being done with the cooperation of Interstate Commerce Commission?

Mr. WHITMAN. We are constantly in touch with the Interstate Commerce Commission and our people do work with them, yes.

Senator HARTKE. Are you in consultation with the ICC?

Mr. WHITMAN. Yes, sir. We visit with them. I am not always sure we have the time or they have the time to put their people with us, but I visited with them only yesterday. One of the things that we intend to do when we get the various possibilities together is to sit down with them and see if we can get some help as to which proposal or combination of proposals they feel is the most suitable.

Senator HARTKE. I take it from what you say that your consultation with them has been rather limited so far? Is that right? In other words, I don't want to see us get into a situation where we have two agencies of the Government not cooperating.

Mr. WHITMAN. No.

Senator HARTKE. It is all Uncle Sam; it is one Government, and not two separate things; there shouldn't be any pride of authorship involved here.

Mr. WHITMAN. We have been working on the possible operating solution and when we have what we think are the various operating solutions available, we would like to talk with these people who, in the regulatory body, can give us a great deal of help.

Senator HARTKE. What bothers me is that the Interstate Commerce Commission came up with a requested bill which Senator Magnuson and I introduced, S. 2887. That bill requested a study of railroad pas-

senger service by the Secretary of Transportation in cooperation with the Interstate Commerce Commission. I am somewhat surprised that if your study is as far along as you indicate that the ICC would ask that you make such a study.

Mr. WHITMAN. Senator, we are continually working with the ICC. We helped fund the avoidable cost study and worked with them on that.

Senator HARTKE. Can you explain why, if you have been working so closely with them, why they would have asked for a study which by simple questioning would have indicated it was about to be completed within 3 months? I would like to know where we are going. I mean is there any explanation for that?

Mr. WHITMAN. Well, I don't have any good explanation. We have been trying to compress our study into a short period. I visit with the ICC; I don't think we are at loggerheads about anything; there are certainly no secrets between us.

As I say, we are trying to solve what we think right now are the operating problems. Their responsibility is in the regulatory area and this is a little different.

Senator HARTKE. I take it that you look at it a little differently in one respect. I take it from the tone of your statement, and really from the one part of your statement here, that you have already decided that passenger service as such in the United States is, for all intents and purposes, except in these high-density corridors, a thing of the past.

Is that a correct interpretation?

Mr. WHITMAN. Yes, as an economical means of transportation and on the basis of use. I see no great future for the long-distance passenger service.

Senator HARTKE. Would you recommend at this time that all other trains be discontinued at this time?

Mr. WHITMAN. No, sir.

Senator HARTKE. Would you recommend that they not be discontinued?

Mr. WHITMAN. Sir, I don't believe in moratoriums, if that is what you are asking.

Senator HARTKE. I am trying to find out where you are. I am trying to find out what you are saying to us.

You say you are pretty far along on a study here. Now, this transportation system is still hauling about 300 million people a year. That is a lot of people.

I know it is nice. I love to deal in expectations too, but we are not going to build some of these new systems that fast. What I am trying to find out is, is it your opinion that all of the railroad transportation now in existence, basically, should be permitted to be discontinued, except in high-density corridor areas?

Mr. WHITMAN. No, sir.

What I thought I said, or tried to say, was that the future of rail passenger service, I believe, lies in the high-density corridors.

I believe the present intercity, long-distance intercity passenger train has some serious limitations. I do not think the public will use it to the extent that it can be operated on a break-even basis. I think as I have said before, if we are going to keep these long-distance trains, I believe the railroads are going to have to have some help.

Senator HARTKE. I guess what you are saying is that, by January 1, you will submit to the Congress a program which you feel will solve the present problem of passenger travel.

Is that correct?

Mr. WHITMAN. I hope it will solve it. It will solve it as near as we can plan it. This is a big problem, and I don't believe we will be able to solve it overnight. But, it will be a start.

Senator HARTKE. Can we anticipate that to be here by January 1?

Mr. WHITMAN. Yes, sir.

Senator HARTKE. It will be here then?

Mr. WHITMAN. Yes, sir.

Senator HARTKE. At least the suggested solutions will be here at that time.

Mr. WHITMAN. That is correct, with the one that we think or the combination of programs that we think would best attack the problem.

Senator HARTKE. Under such circumstances, you feel there is no necessity for additional legislation for a special study, is that correct?

Mr. WHITMAN. I don't believe so.

We have been studying this thing for about 8 months and we are getting near the end of it. We think we are in pretty fair shape.

Senator HARTKE. Do you then in effect say to the Congress that within 3 months you are going to submit a plan which will substantially improve the circumstances of movements of people in regard to ground transportation?

Is that correct?

Mr. WHITMAN. We would hope to recommend a plan to the Congress for their consideration. And certainly, we will try to pick the one that will attack the problem and result in the most improvement.

Senator HARTKE. Depending on the course of action that the Department of Transportation ultimately decides to submit, would it not be necessary for the Interstate Commerce Commission still to have authority to regulate the adequacy of the service which is being provided?

Mr. WHITMAN. Well, so far, I don't think our plan would envision changing the Interstate Commerce Commission role.

Senator HARTKE. They don't have that authority, according to their interpretation, now.

Mr. WHITMAN. Speaking about the present?

Senator HARTKE. Yes.

What I am asking is in view of the decision by the Interstate Commerce Commission that that agency does not have at this time the authority to regulate the adequacy of the service, and in view of the fact that there are now before the Congress bills to provide for giving the Interstate Commerce Commission that authority, would it not be necessary to have that authority in the Interstate Commerce Commission, even though you would submit some type of plan for operation of the railroad system or surface transportation system?

Mr. WHITMAN. Yes, sir.

I think there are some areas where there should be some Government controls. Particularly, if the Government were to provide funds of any kind, any type of subsidy, certainly it has the right then to determine the standards, some quality of service.

But, over and above that, where a railroad has a common carrier obligation, I feel that they have and we can expect, and if necessary give controls, to make sure that they furnish clean, comfortable equipment, up to certain reasonable health standards, and reasonable schedules.

When they get beyond that to what I might consider as operating standards, such as whether they should have two diners, or three diners, or sleepers, it seems to me, we are talking about managerial prerogatives. I have a little problem there.

But certainly the railroads have an obligation. If the Interstate Commerce Commission doesn't have what they think they need, I see nothing wrong with giving them that authority.

Senator HARTKE. All right.

Then what you are saying is that, if there is a contribution in any form from the Federal Government, you think that with that contribution, in whatever form it is, the control of adequacy of the service would be a proper role for the Interstate Commerce Commission?

Mr. WHITMAN. It would be a proper role for some agency of the Federal Government.

Senator HARTKE. For some agency. All right.

You have indicated that the railroads do not receive any assistance.

I think that they receive the general type of assistance which has been provided by the 7-percent investment credit.

Isn't that true?

Mr. WHITMAN. Yes, sir.

Senator HARTKE. Do you know how much of that 7-percent investment credit has been utilized in developing passenger cars or passenger service?

Mr. WHITMAN. No, sir; I do not.

I will try to obtain that information, if you wish.

Senator HARTKE. Can you supply that for the record?

Mr. WHITMAN. If it is available, yes, sir.

Senator HARTKE. Wouldn't you think that would be available?

Mr. WHITMAN. I don't know. We will try and get it for you.

Senator HARTKE. Wouldn't you think that, if the Government is providing for this special benefit, that the railroads ought to supply information to the Department of Transportation on it?

Mr. WHITMAN. Yes, sir. I am sure that if it is available we can obtain it. We are speaking about the 7-percent investment credit that all industry had and we are speaking now about that portion that the railroads got and what part of theirs went into this.

Senator HARTKE. Right.

You see, the 7-percent investment credit is applicable to industry generally. In fact, it is even available to individuals.

The question I am asking is, how much of that investment went into passenger service, for which the 7-percent investment credit was claimed?

Mr. WHITMAN. We will find out.

(The following was subsequently received for the record:)

In the 1962–1968 period, the railroad industry purchased and/or leased passenger train cars at a cost of $242,640,000. The industry now purchases all-purpose type locomotives, that is, locomotives that can be used in either freight and passenger service. Therefore, figures are not available to show the specific amount expended solely on locomotives for passenger service usage.

The above amount includes those railroads which were not in an income tax paying position. Therefore, it is extremely difficult, if not impossible, to develop the true benefit of the seven percent investment credit to the rail industry as it applies to the rail passenger service area.

Senator HARTKE. Now, one of the first proposals you have suggested here is participation by local public agencies.

Do you know of any area in the United States where any local public agency of any nature whatsoever is in a position to make any financial contribution?

If I can hear cries of poverty anywhere in the United States, I hear the State and local communities crying.

The fact of the matter is, I think this administration has endorsed a proposal which Senator Javits and I made some time ago, tax sharing to help them alleviate that difficulty.

Do you really anticipate there will be any money available from any local agency?

Mr. WHITMAN. I had hoped, Senator, if the Federal Government would put up equipment grants, so that we could come up with good equipment, and help establish good service, such as with the Metroliner, that where these local communities feel that they have a need for this service, that they simply guarantee any operating deficit.

Now, I believe if this is done properly, with enough care, that probably there will be no deficit. This is what I am hoping. This is why I say our future is in the corridors, because I believe as these corridors change, as population shifts, which it will, other corridor opportunities will develop.

I believe where they do develop, I think they will be glad to furnish some assistance, the same as they might do for airports and highways. They do this now. So, I see no great difference, really.

On the other hand, I see this difference. The railroads have made a rather substantial contribution in taxes through the years to the communities, and I think that they still will do so. To the extent that they can make a profit, they will continue to do so.

Senator HARTKE. Do you see any problem involved here on the question of jurisdiction because of the involvement of local agencies?

Mr. WHITMAN. I am sure there will be some problems, sir; but I think we can overcome them.

Senator HARTKE. Do you anticipate you are going to have much success with the Bureau of the Budget in freeing any funds for this type of operation?

Mr. WHITMAN. I haven't—I simply can't answer that. I would have to anticipate I am going to have an argument, yes, sir.

Senator HARTKE. I always refer to the Bureau of the Budget as the fourth arm of government, with more power than the rest of them combined.

They talk about the Congress having control of the purse strings. That is not true any more. The Bureau of the Budget has taken over, haven't they? Much to the dismay of practically every Cabinet officer. The Cabinet officers find themselves now second-class citizens, second to the Bureau of the Budget. That is what you get for worshipping money.

Thank you, Mr. Whitman. Here is Senator Scott. Welcome, Senator, please proceed.

STATEMENT OF HON. HUGH SCOTT, U.S. SENATOR FROM PENNSYLVANIA

Senator SCOTT. Mr. Chairman, I welcome this opportunity to present my views on the disturbing decline in railroad passenger train service. Our Senate Commerce Subcommittee on Surface Transportation should consider carefully the legislation now before it in order to alleviate the present critical situation.

One of the measures we are reviewing is Senate Concurrent Resolution 32, introduced by Senator Gordon Allott. This resolution, which I cosponsored, urges the Secretary of Transportation to make an investigation of potential rail transportation in the United States. It further proposed that this investigation analyze the feasibility of utilizing regional rail transportation facilities, including a determination of the possible future use of high-speed passenger trains in the various corridor cities of the Nation.

The emphasis on high-speed transportation is one which has had my particular interest for several years. I was a principal sponsor of the High Speed Ground Transportation Act in 1965, and its subsequent extension in 1967. This important piece of legislation brought about the Metroliner which is now operating in the New York-to-Washington corridor. The inauguration of this passenger service last January was a marked and welcome achievement in our Nation's long effort to coordinate its transportation system. It means that there might be, for the first time, a slight reduction in the already overcrowded road and air traffic lanes between New York and Washington. The new service bids well for the populous northeast United States, and I am encouraged by this subcommittee's continued interest in additional high-speed rail service.

Mr. Chairman, the decline in railroad passenger train service is of great concern to all Americans. Considering the historic and monumental contributions which the railroads have made to our economic growth, it is tragic indeed to learn of their steady decline in passenger service. Since the Interstate Commerce Commission was permitted to approve railroad passenger train discontinuances in 1958, 725 interstate passenger trains and 355 intrastate passenger trains have ceased to operate, and the alarming trend continues daily. Surely this situation must not be allowed to grow worse. The need for remedial action is clear, and I am hopeful that our subcommittee will make appropriate recommendations to the Senate to improve railroad passenger train service.

Senator HARTKE. Thank you Senator.

Senator Allott you may now proceed.

STATEMENT OF HON. GORDON ALLOTT, U.S. SENATOR FROM COLORADO

Senator ALLOTT. Mr. Chairman and members of the committee, first of all I must offer a brief apology. My statement went to the mimeograph room, it was mimeographed, but they have mislaid them. But they will be up as soon as they are located and available for the press as well as members of the committee.

It is a pleasure to appear before this Committee on Transportation to testify in support of Senate Concurrent Resolution 32. This resolution, introduced by myself and 30 other Senators, instructs the Secretary of Transportation to conduct an investigation of the future potential for good rail passenger service in this country. It is significant that my resolution has sponsors from both sides of the aisle. The decline of rail passenger service to its present sad state is not a partisan issue. Almost everyone agrees that something must be done, and done promptly, to stop the erosion of passenger service.

If we do not act, in a very few years there will simply be no passenger trains still running. Since Senate Concurrent Resolution 32 was introduced in June, 17 more major passenger trains have been proposed for discontinuance. Fortunately, the ICC has let only one of these trains stop running, and is holding hearings and an investigation into the proposed discontinuance of the others. But at best this is a delaying tactic; even if these trains are ordered kept on for a year, we know the problem will reappear as soon as that year is over. The passenger public has neither the time nor the resources to resist an industry which is determined to rid itself of passenger service. In the meantime, many railroads are following a deliberate policy of downgrading service in order to drive passengers away and thus add to the passenger deficit about which rail management weeps so mightily. This policy of willfully providing poor services was well described by the Wall Street Journal in a front page article of September 3. Mr. Chairman, I ask that this article be included in the hearing record at the conclusion of my testimony. Unfortunately, the ICC has ruled that it does not have the authority to end this pernicious, "public be damned" policy. In my view, this is an abdication of that agency's responsibilities. And I hope that the Congress will promptly correct this situation, and make it absolutely clear that ICC can and must set standards of passenger service.

The lengthy agenda and crowded witness list for these hearings indicate the public demand for passenger trains. The myth that people will not ride trains has been completely destroyed by the popular success of the Metroliner and Turbo Train service. Surveys by the DOT have shown that many businessmen, who could well afford to fly, use this train because of its convenience and dependability. At the other end of the scale, the infamous Sunset Limited, a transcontinental train which carries no sleeping cars and no diners, still carries more than 160,000 persistent and spartan passengers a year.

One thing I am sure will be made clear at these hearings is that there is a public need and demand for good intercity passenger service. The increasingly overcrowded highways and the dangerously overused airports cannot handle the load of intercity travel by themselves. As the population increases in size and becomes ever more densely packed into crowded urban centers, this situation will only worsen, not improve. We will need all our transportation facilities operating at maximum efficiency if the American of the future is to travel in reasonable comfort and safety. A recent report of DOT stated the problem well when it said:

> Transportation planning has to be flexible in seeking solutions to the general transportation problem. The simple singular expansion of a given mode, blinded to other alternatives, may well foreclose the possibility of real service for

travelers. The concentration of public investment resources in highways, for example, has clearly had deleterious effects upon competing modes, most particularly the railroads. In adhering to a single mode approach, we have tended to mismatch needs and facilities and to neglect the development of other systems which might be attractive to some parts of the public.

It is a most difficult task to seek some solutions to the passenger transportation problem. We do not have the answers. We seek them through this resolution. Even with the crying need so evident, if a study shows it is economically impossible to operate necessary passenger service, we will have to alter our approach to this problem. I believe, however, before we accept the position of the railroads, we need the proper answers to our questions. Several of the bills before the subcommittee are specific in calling for an immediate operating subsidy or a substantial capital subsidy for new and rehabilitated passenger equipment. It seems to me that, before we embark on either of these major programs, we must carefully study what must be done to provide modern passenger service and where this service must be provided. We need a searching analysis of the marketing and economic problems that affect passenger service. We need specific data on what needs to be done and how much it will cost. We need an objective and cool-headed review of changes in archaic labor work rules, which have added considerably to the passenger deficit.

The members of the committee may say that this problem has already been studied to death, that there is general agreement that something must be done, and that the time to act is now, while there are still some trains running to save; this is not quite the case. For example, there is not now in existence anywhere a careful study of our existing passenger car fleet, or any analysis of what it would cost to repair or to replace that equipment at today's prices. I am told that such a study is being prepared under the auspices of the Rail Foundation, and I am sure its findings will be made available to the committee. But at present we are operating in the dark as to what the price tag for an equipment subsidy might be. Also, we have not fully explored what American industry can provide in the way of modern equipment—not Buck Rogers gadgets, but good equipment that works.

Most importantly, we need to decide on an objective basis what our national passenger network should be. At present we do not have a national system. We have an archaic setup in which every railroad goes its own way, arranging its own schedules to suit its own convenience and probably the passenger's inconvenience without coordinating with the other lines. Under present practice, the ICC only considers one train at a time, and does not review a train discontinuance in terms of other trains serving the same route or connecting trains. For example, the California Zephyr is operated by three different railroads. Thus those fighting to save the train must engage in separate and expensive battles with the Burlington, the Denver & Rio Grande Western and the Western Pacific while the ICC wastes its time conducting two separate investigations of the same train. Despite appeals from the public and various States, the ICC has adamantly refused to review the adequacies of passenger service between Chicago and the west coast. Such a review would allow the ICC to examine western passenger service as a whole, instead of in a fragmentary series of discontinuances.

I think it is time that passenger service was reviewed at a national level. Senate Concurrent Resolution 32 would instruct the Secretary of DOT to do just that. Let me briefly explain the type of study envisaged by this resolution.

It would direct the Department of Transportation to conduct a 6-month study of various aspects of the rail transportation question during which the Interstate Commerce Commission would be asked to prevent any abandonments or sale of rail passenger service facilities. We are deliberately suggesting a brief study. The time for studying has nearly lapsed. The time for action is at hand. I feel certain after appropriate consultation that DOT would be able to make proper recommendations in a period of 6 months.

The investigation as the resolution suggests would have as its primary objective an analysis of the feasibility of developing, promoting, and operating long-distance rail passenger transportation through the establishment of regional or interstate rail transportation commissions, a Government-industry public corporation, or through direct assistance to railroad operators. In that regard we ask that DOT make a comprehensive determination of where and how the technology and service developed in the Northeast Corridor high-speed rail project can be utilized in other intercity corridors in the United States.

We further ask that, in consultation with the railroads, State utility commissions, and State or regional transportation authorities, DOT determine the feasibility of providing Federal assistance for the planning and development of regional rail passenger services.

This is a most worthwhile concept to explore because if the problems of the rail passenger service is indeed to be solved, then States and regional bodies will have to be involved. I cannot foresee a time when the Federal Government will completely absorb the financial burden of operating unprofitable long-distance trains across the country. I can foresee a time in the very near future when the Federal Government or regional transit authorities might help the railroads run such trains.

As auxiliary points to the matter of a passenger equipment pool, we are asking for DOT to examine the questions of Government assistance for terminal facilities, fare structure experimentation, and outright operation of long-distance trains.

A further point to be studied, under our resolution, is whether or not containerized mail can be coordinated with existing or future passenger train schedules to insure both fast mail service and a continuation of needed passenger routes.

Let me emphasize that there is a 6-month time limit on this study. In other words, if we act promptly, the Congress could have the results of the DOT study and appropriate recommendations in hand before this, the 91st Congress, ends. The sponsors of the resolution assume that although it does not include a rigid moratorium on discontinuances, the ICC would be extremely reluctant to let major trains cease operation while the study is being conducted and before Congress has acted one way or another. Therefore, we feel on sound ground in asking for the necessary information on which we can base a practicable long-range solution to the problems of passenger service.

We know that the patient is suffering from a lingering illness which will probably be fatal if not treated. But before we dose the patient

with massive doses of financial medicine, let us take the time for a careful diagnosis with which to prescribe a permanent cure.

Mr. Chairman, since I prepared my statement there was an editorial in the Washington Post which is very much in accordance with the views I have expressed, printed on page A22 under date of September 23, and I will ask unanimous consent it also be placed in the record.

Senator HARTKE. Without objection, it will be made a part of the record.

(The articles follow:)

[From the Wall Street Journal, Sept. 3, 1969]

PASSENGER PLIGHT—OFFICIALS, TRAIN RIDERS CLAIM SOME RAILROADS TRY FOR LOUSY SERVICE—THEY SAY LINES SEEK TO MAKE RUNS UNPROFITABLE, THEN END THEM; ROADS DENY IT—THE RAT ON THE PENN CENTRAL

(By Albert R. Karr)

For mother, father, four young children and grandmother, aged 74, the 20-hour journey from Chicago home to New York on the Penn Central's "Admiral" was a bad trip.

The train was dirty, to begin with, mother later complained. For want of a receptacle trash was being piled on top of the drinking fountain (which dispensed warm water only). The ladies' room had a "disgusting odor." There was no dining car. The snack bar lacked electricity for making breakfast coffee. And the cooling system wasn't working in the mid-July heat.

When the crew finally did get the air conditioning going, the angry traveler went on, "this was apparently a terrible shock to the train's electrical system, as the lights went out for good in the filthy ladies' room."

"If any hotel provided this kind of accommodation, it would soon be closed as a health hazard. Is this the objective of the Penn Central?" the mother inquired in a letter to Washington authorities.

SOME OFFICIALS AGREE

Indeed the Penn Central is seeking permission to abandon the "Admiral." And though none of the nation's railroads will admit to making passenger service terrible on purpose, a surprising number of riders' complaints to the Government contend that the roads must be doing just that.

The passengers' cynical rationale, echoed by many Washington officials: The more that people are deliberately discouraged from riding the trains, the easier it is for the railroads to demonstrate that passenger service is unprofitable and has to be abandoned in favor of money-making freight.

Even if the railroads are deliberately doing this—and they vehemently deny that they are—officials question whether the Government can do anything about it. The answer may come soon, though. The Interstate Commerce Commission is expected this month to hand down its long-awaited decision on whether it can compel a road to provide better passenger service.

The ICC, traditionally concerned solely with routes and rates, may conclude that passenger treatment is not beyond its regulatory reach. If so, it could order changes. If it decides otherwise, the decision is sure to be challenged in court and in Congress by state regulatory agencies and such travelers' lobbies as the Washington-based National Association of Railroad Passengers. Some think the eventual outcome will be a joint effort by the Government and the railroads that concentrates on improving service along the most-needed routes while letting some other die.

A STREAMLINED SYSTEM

At the Department of Transportation, for example, one idea for coping with the passenger problem envisions a Comsat-type private corporation either leasing modern equipment to the railroads or taking over management of the most important routes outright. The main emphasis would be on a network of high-speed trains (profitable, it's hoped) in populous and relatively short "cor-

ridors" such as Chicago-Cleveland and Los Angeles-San Francisco, similar to the Metroliner now competing with air travel between New York and Washington.

This streamlined system, it's thought, could be partly financed out of savings achieved in abandoning the money-losing service in less populous areas. Proposals for direct Federal subsidies for passenger operations also are under consideration at the Transportation Department and are embodied in various bills in Congress.

If something isn't done, city-to-city passenger trains might all but disappear in America. From nearly 1,500 a decade ago, the number of intercity trains was down 513 on July 1, including a decline of 67 since mid-1968. The railroad executives who want to get out of the passenger business say there's scarcely any need for long-haul intercity service any more, because most travelers prefer to go by bus, car or plane.

THE RAT IN THE AISLE

If they do prefer to go by bus, car or plane, it's often because the railroads have become such miserable ways to travel. That, at least, is the easily arrived at conclusion after reading letters that unhappy rail travelers have sent to Washington.

"No sooner did we get aboard" the Penn Central's "Spirit of St. Louis" in Missouri, says a man from Floral Park, N.Y., "than some women passengers started screaming because a furry little creature called a rat started running up and down through the car." The conductor ignored it, according to the New Yorker, and not until they reached Columbus, Ohio, 400 miles away, was a fellow passenger able to trap the rat in his handkerchief and throw it out.

Replies a Penn Central spokesman: "We do not have a rat infestation problem. We maintain standards as well as we possibly can under the circumstances"—which he thinks are worsened by passengers reluctance to adapt. "People have enough initiative to write me a complaining letter," says this public relations man, "but they won't get up and move to another car when the air conditioning breaks down in their car." The family aboard the "Admiral" from Chicago would have an answer for that: The train was full.

Would-be riders have told of waiting as long as two months for seats on Chicago, Burlington & Quincy Railroad trains, according to an unhappy Burlington employe. "Yet we know there was ample room, or that additional cars could have been added." Moreover, he says, passenger schedules "mean nothing if there is an opportunity to move a freight train ahead of a passenger train. A Burlington spokesman insists that the road doesn't turn down passenger business if space is available, that it can't always add more cars, and that it doesn't give priority to freight.

Chronic lateness, sometimes causing missed connections, is a frequent passenger gripe. At Siena Heights College in Adrian, Mich., many students hitchhike home on weekends or don't go at all because the Norfolk & Western Railway's "Wabash Cannonball" is so often behind time, says Sister Ann Joachim, faculty member and the school's attorney. But some still risk it, so partly through her efforts the N&W has twice been rebuffed in trying to silence forever the Cannonball's lonesome whistle. To the lateness complaints, the road replies that, on the average, only one Cannonball in 20 is more than 20 minutes late over its 600-mile Detroit-St. Louis journey.

The milestone case the ICC promises to decide this month involves the Southern Pacific Railroad's daily "Sunset Limited" between Los Angeles and New Orleans.

Until five states' regulatory agencies petitioned the ICC in 1966 to compel the road to furnish better "Sunset" service, few complainants had pressed the Government for improvements in passenger trains; whenever the subject did come up, the ICC pleaded no jurisdiction.

But this time the ICC examiner, John S. Messer, said his agency does have authority over passenger service, and he declared the ICC should order the Southern Pacific to improve the "Sunset" by such steps as running the train on time and providing dining cars. This is the recommendation pending now before the 10 commissioners (one seat is vacant).

Significantly, after the examiner issued his recommendation in April 1968, the Southern Pacific applied to abandon the "Sunset Limited" altogether, and the ICC, in denying this plea, accused the road of deliberately downgrading the "Sunset" service. Critics of railroads maintain that ever since the "Sunset" case began the industry has been accelerating its abandonment requests. Get the

trains off the tracks before the ICC makes up its mind, this theory goes, because the Government can't order improvements on trains that no longer run.

Statistics support the contention. Discontinuance applications ranged between 13 and 33 a year in the decade through mid-1967, then soared to 73 in the subsequent 12 months. In the year that ended last June 30 they eased off to 50—"probably because there weren't enough trains left to discontinue," an ICC spokesman suggests. Others say the ICC has noticeably stiffened its resistance to abandonments since Examiner Messer's "Sunset" recommendation, otherwise applications would be even more numerous.

One petition that did win ICC approval (though the courts have since delayed its effectiveness) was the Penn Central's plea to discontinue the "Spirit of St. Louis" between that city and New York. And the ICC's July okay came not a minute too soon. Two nights earlier, at Altoona, Pa., 35 "Spirit" passengers became so aroused by the lack of lights, water and air conditioning that they climbed off and lay down in front of the engine for an hour and a half till a broken generator belt was repaired.

The increase in applications to abandon runs could have something to do with the deterioration in service. Says an ICC official: "Railroads always deliberately downgrade passenger service in advance of filing with us for discontinuance."

[From the Washington Post, Sept. 23, 1969]

THE FATE OF THE PASSENGER TRAIN

The hearings that begin today on Capitol Hill into railroad passenger service come at an appropriate time. The long distance passenger train is about to disappear from the country and a recent decision of the Interstate Commerce Commission makes it clear that unless Congress acts (or the courts reverse the decision) there will be no long-haul passenger trains within five years or so.

It may be, as many railroad executives contend, that the passenger train is a relic of an era that has ended except for its usefulness on commuter runs and in corridors of extremely heavy population like Washington-New York-Boston. But the railroads have had such a major role in the transportation of people in this country and still have so large a role in older countries—England and Japan come to mind—that they must not be allowed to withdraw from the field by default. Nevertheless, that is what is happening. The railroads have decided passenger service is uneconomic and should be abandoned; the states are unable to stop the degradation of service; and the ICC has ruled that it lacks authority to act.

The real question and the one one to which the Senate Surface Transportation Subcommittee should first direct itself, is whether passenger service is worth saving. The first step that is needed is a serious study, perhaps by the Department of Transportation and the ICC, of whatever potential may exist for a modern system of passenger trains.

A study of that type might show there is no real future for such trains, in which case Congress would have to decide whether it is in the national interest to subsidize them and keep them alive. Or it might show that with faster schedules, more realistic labor practices, cheaper methods of transporting the automobiles of vacationing families, and other changes a revival of traveling by train could be engineered. In either event, Congress ought to study seriously feasibility of turning the entire passenger train business over to a Comsat or TVA type operation. It seems to make little sense for the government to subsidize the existing trains or to underwrite the purchase of new equipment for them as the railroads are now asking.

Senator HARTKE. Thank you. Senator Cannon?

Senator CANNON. Thank you, Senator Allott, for a very fine statement. As a cosponsor of your resolution, needless to say I thought it was presented very well. I was interested this morning to hear the testimony from Mr. Whitman, the Administrator of the Federal Railroad Administration, where he pointed out in some detail a study they are now conducting and that he will have completed—they have been working on it for 9 months and will have it completed in a 3-month period. He requested we not act on legislation during that period. I think a number of items that are covered in Senate

Concurrent Resolution 32 will have been covered apparently by Mr. Whitman and his group. So I look forward to getting the results of that study within a 3-month period and I am sure that you would be very interested in reviewing his testimony to see how it does fit in with Senate Concurrent Resolution 32.

Senator ALLOTT. I will be very happy to. I was at another committee meeting when he was testifying.

Senator CANNON. Thank you, Mr. Chairman.

Senator HARTKE. I want to thank you for your testimony, too, Mr. Allott. I think that maybe the sponsorship of this resolution has had a meritorious influence on the Department of Transportation. There is a possibility, however, we might adopt in substance something along the lines, say, of shortening the 6 months to 3 months, and thereby make sure we get the Department of Transportation to comply with their own time schedule. As Senator Pearson said, he found that studies had a tendency not to conform to time schedules. Maybe we ought to pin this one down for certain.

Senator ALLOTT. I have done my best to determine whether or not this time schedule is within the capabilities—I was aware of these other studies that were going on—of the Department. I think if we did give them 6 months, that we could complete it and even complete action in time for significant legislation within this Congress, not this year of course, but based upon an official study by DOT and I think it would add a great deal of prestige and impetus to the thing we are all trying to accomplish which is chiefly the movements of people in the United States, rather than a movement of vehicles or cars or aircraft.

Senator CANNON. Mr. Chairman, if it would be appropriate I would like to suggest that the committee request the Secretary of the DOT or request Mr. Whitman to indicate what items covered in Senate Concurrent Resolution 32 will be completely covered in Mr. Whitman's study that will be available at the end of this 3-month period.

Senator ALLOTT. And those which would not be available.

Senator CANNON. If that is done we could get a better look at the problem and see what additional items might need to be covered.

Senator HARTKE. I think that would be good. The staff will be requested to get that information from the Department of Transportation.

Senator ALLOTT. Thank you very much, Mr. Chairman, members of the committee. I appreciate this opportunity to appear before you.

Senator HARTKE. Do you have any questions, Senator Prouty?

Senator PROUTY. Mr. Chairman, I am sorry I was unable to be here to listen to Senator Allott's statement but I will look it over very carefully. I am a cosponsor of that resolution also. Thank you, Mr. Chairman.

Senator HARTKE. Thank you.

The next witness is Mr. Stuart Saunders, chairman of the board, Penn Central Co.

STATEMENT OF STUART T. SAUNDERS, CHAIRMAN OF THE BOARD, PENN CENTRAL CO., PHILADELPHIA, PA.

Senator HARTKE. Good morning, sir.

Mr. SAUNDERS. Good morning, Mr. Chairman.

Mr. Chairman, Senator Cannon, I am Stuart T. Saunders, chairman of the board of the Penn Central Co., located at 6 Penn Center Plaza in Philadelphia.

I appreciate this opportunity to appear before the committee.

I appear here today in support of S. 2750, which as you know was introduced by the chairman of this subcommittee, Senator Hartke.

Penn Central is vitally interested in this legislation. We provide approximately one-third of all rail passenger service in the United States and almost two-thirds of all the service in the Northeast quadrant. This imposes a heavy burden on Penn Central which is a serious drain—and that is an understatement—on our resources and on our ability to compete for freight traffic against other railroads and other modes of transportation. It impairs our efficiency in serving the transportation needs of business and industry in the most heavily industrialized area of our country.

As you know, study after study has shown that the operation of passenger trains is a losing business in a shrinking national market. Ten years ago the Interstate Commerce Commission concluded, after a 2-year survey of passenger train operations, that "the financial loss is real; it is large and appears to be growing; and it endangers the present and future welfare of the railroad industry."

And that statement has certainly been proved to be true.

And just 2 months ago the Commission, in its "Investigation of Cost of Intercity Rail Passenger Service," established further proof that passenger service produces a severe deficit for the railroads at the expense of their freight service.

In 1968, Penn Central's passenger deficit, computed on the formula used by the Interstate Commerce Commission, exceeded $101 million. Including the New Haven, actually it was about $115 million. The 1968 deficit of the New Haven Railroad, now a part of Penn Central, was $12.5 million. On a pro forma basis, therefore, the passenger deficit of Penn Central totaled nearly $115 million last year.

On the basis used by the ICC in its most recent study, the Commission found that the avoidable passenger service losses of the carriers amounted to 55 percent of the fully allocated deficit formula. Under this approach, Penn Central's passenger service losses in 1968 were more than $63 million. And I regret to say that our passenger deficit for the current year is running at a rate higher than last year.

On any basis of calculation, the deficit incurred by Penn Central in providing intercity passenger service is intolerable. In fact, our financial results would be improved substantially if we did not have to subsidize our passengers at the rate of more than $5 million a month.

This constant drain on cash and other resources severely restricts our ability to meet the rising demands of the shipping public for improved freight service and expensive specialized freight equipment.

The problem of the passenger deficit is not new. As the Interstate Commerce Commission itself has noted, it has been with us since 1930 in varying degree, though not of the intensity and size present

today. What we have today is simply the end product of conflicting policies of the Federal Government. On the one hand, the regulatory agencies pursued a policy which required continuation of uneconomic passenger services while, on the other, the Federal and State Governments poured billions of dollars of tax money into the building of extensive highway and airway systems, with the result of diverting almost all intercity travel away from the railroads.

Yet there are those who still insist that the major fault lies with the railroads and that better service and better equipment would reverse he trend. This has not been the experience of Penn Central, with the sole exception of recent developments in Washington-New York service.

The former New York Central, a predecessor railroad of Penn Central, was built primarily as a passenger road, serving the major northeastern cities from Chicago through both Detroit and Toledo to Boston and New York. Such famous trains as the Twentieth Century Limited and the Commodore Vanderbilt to New York, the New England States to Boston and the Twilight Limited to Detroit, were familiar words to travelers. But all these trains have gone, victims of the jet airplane and the automobile.

At the end of World War II, the railroads were in dire need of rebuilding, both in terms of road and equipment, and the industry spent enormous sums to try to hold the passenger traffic it enjoyed during the war years. The New York Central spent over $168 million to renovate its service, and to promote and advertise it. The Twentieth Century and the Empire State Express were completely reequipped with the most modern cars available. More than $28 million was spent for new passenger diesel power. By 1957, however, Central's passenger deficit had grown to $52 million annually; wages and prices were increasing, and Government subsidies to highway and airway programs were spiralling. The Central was forced to reduce its passenger service, and by 1966 its passenger deficit was down to $16 million.

The story was much the same on the former Pennsylvania Railroad. Between 1947 and 1957, the passenger deficit averaged $51 million per year. During the same period, the Pennsylvania expended $121 million in modernizing the Broadway Limited and other celebrated trains and in renovating other passenger facilities. Yet the deficit was not reduced. In fact it continued to increase.

Over the decade preceding the Penn Central merger, the Pennsylvania's passenger deficit increased year by year. Our volume of passengers—particularly intercity passengers—dwindled while our operating costs increased.

On the New Haven, unmanageable passenger deficits were a major factor in driving that railroad into bankruptcy, and it is well known that opening of the Connecticut Turnpike and other expressways in New England dealt a fatal blow to any hope for profitable passenger operations.

In 1947, as the World War II boom in rail passenger traffic subsided, the combined Pennsylvania, New York Central, and New Haven Railroads carried more than 247 million passengers. Over the next 10 years this decreased to 143.7 million, down 42 percent. During the next decade the combined figure dropped another 37 percent, down to approximately 90 million passangers. In other words, over the past 20 years railroad passenger volume in Penn Central's present operating terri-

tory has decreased 64 percent, despite a slight rise in commutation and Northeast Corridor passenger traffic last year.

Clearly, the renovation of equipment, improvement of schedules, discount fares, promotion, and advertising did not halt the decline.

The $47 billion Interstate Highway System, together with the New York Thruway, literally parallels the routes of Penn Central's principal intercity passenger trains. The federally sponsored 90–10 formula—90 percent Federal money—for financing the Interstate System made its appeal irresistible to States and localities who were—and still are—hard pressed for such funds. This overemphasis on highways has produced much of the traffic congestion in metropolitan areas today. It is really choking our cities to death.

The strangulation of automobile traffic and the dangerous saturation of air traffic in our urbanized Nation has prompted a renewal of interest in rail systems. Our planners and experts are rediscovering what a bargain in terms of tax dollars the railroads can be for safe, efficient mass transportation. A tax dollar invested in improvements in railroad passenger service in crowded areas will buy 20 times as much transportation as it would if it were spent for more expressways. It is a great bargain for the taxpayer. And this does not take into account other important factors such as safety, air pollution, preservation of land for industrial and commercial use, loss of taxable real estate, and marring the beauty of the countryside.

Elaborate interstate highway systems, in many instances, have become funnels for crowding more automobile traffic into our metropolitan areas. Obviously, the need for short and intermediate distance intercity railroad passenger service is going to increase, especially in areas where large cities are somewhat close together. Unless relatively modest support is given by the Federal Government to railroad passenger service, such as is provided in S. 2750, our national traffic jam will reach chaotic proportions.

Today, the Federal Government is spending more than $5 billion in the development of the C–5 cargo plane. By way of contrast, it has appropriated less than $20 million—four-tenths of 1 percent as much—for improving intercity railroad passenger travel.

The railroads cannot continue to be isolated from Federal support if they are to be a healthy and vigorous part of the national transportation system. The obsolescence of present railroad passenger service is a byproduct of a lopsided and haphazard transportation system which has paid little attention to a balanced utilization of all modes of transport.

On the Penn Central railroad system, we are approaching the passenger service problem with what we regard as a basically sound policy. Simply stated, it comes down to a twofold program; namely—

(1) To strengthen and improve passenger service which is essential to people in our operating territory, and

(2) To discontinue trains which the public no longer needs.

In the first category are our intercity main-line service in the Northeast Corridor between Boston and Washington and our commuter-suburban service in the New York, Philadelphia, and Boston metropolitan areas. Within our limited resources, we are making progress in keeping these services viable for the current and future needs of the public, but we still have a long way to go. And the service is far from

approaching anything we would like it to be. It is really second class now or worse.

Public assistance is fundamental to this policy. These operations are a public service which is entitled to public support. Over the past 10 years, we have worked closely with governmental officials on Federal, State, and local levels in promoting this concept. So far, we have developed cooperative programs with public authorities primarily for commuter transportation, but the need is urgent for increased Federal participation. And on a substantial scale, but relatively small as contrasted with what you are putting into highways and airways.

Penn Central, as you know, is now engaged in two projects with the U.S. Department of Transportation for testing and developing the market for high-speed rail transportation in the Northeast Corridor. On our Washington to New York line we have been operating Metroliner trains since January of this year and the results are most encouraging. Penn Central has put more than $50 million into this project, almost five times as much as the Federal Government. As a matter of fact, it is a lot more than that. We have spent actually $50 million and we have received a little over $2 million so far from the Federal Government. When they pay us the full amount that we are entitled to, it will run about $11 million, as against the over $50 million we have put into this project.

We plan to increase Metroliner service from three to six round trips a day on October 26, next month, and we expect to step this up to nine round trips a day before the end of the year. This will mark the formal beginning of our 2-year demonstration project with the Department of Transportation, and during this period we will compile data and gather experience which will be most helpful to transportation planning for the future.

At the same time, we will continue to operate under contract with the Department of Transportation the turbine-powered trains between Boston and New York which were put into service last April.

The Northeast Corridor is an appropriate area for far more Federal assistance than is involved in the Metroliner and Turbotrain projects. It includes a quarter of the Nation's population and a spreading megalopolis which is plagued by mounting transportation problems. Undoubtedly, other such crowded corridors will develop in several sections of this country.

In nonurban areas, however, and over long distances, the economic justification for most railroad passenger service no longer exists. Under the dictates of the marketplace, such unprofitable passenger service should be discontinued and should be done so promptly.

If, however, the regulatory agencies will not permit this, it is only fair that the railroads be reimbursed for losses incurred in performing such service as the public interest requires but cannot pay its way.

Senator Hartke's bill, S. 2750 is, we think, a step in the right direction and should be enacted promptly to prevent further deterioration of railroad passenger service. A major portion of the passenger equipment operating today is rapidly wearing out—a lot of it is already worn out and cannot be maintained in anything like first-rate condition. It must be replaced by more modern, more comfortable equipment. Time is of the essence, since it takes from 18 months to 2 years—actually it takes about 2 years now—to get delivery on new cars from the manufacturers.

S. 2750 provides a method by which Congress can respond as the public interest actually requires to the public demand for continuation of essential intercity rail passenger service. It also establishes a means for the railroads to acquire passenger equipment which would be attractive to travelers.

This bill should be regarded not as a subsidy to the railroads, but to the citizens who, through necessity or choice, ride the passenger trains. The Federal funds required to implement the programs authorized by this bill will be a small price to pay for the development of a type of railroad passenger service suitable to the needs of the traveling public.

Senator HARTKE. Senator Cannon, do you have any questions of Mr. Saunders?

Senator CANNON. Yes.

Mr. Saunders, are you familiar with the study being undertaken now by Mr. Whitman?

Mr. SAUNDERS. Only generally.

Senator CANNON. You heard the testimony this morning?

Mr. SAUNDERS. Yes, I heard his testimony. Our people have had some conversations with Mr. Whitman, but other than in a general way, I do not know much more than what he said here today.

Senator CANNON. Having listened to his testimony, would you feel that the study that he is covering would be of help in trying to get at some of the root problems of this issue? I hope that some of your recommendations, generally, cover some of the areas that appear to be covered in the study.

Mr. SAUNDERS. Well, I think the study will be helpful, but let me say this: In the first place, as Senator Allott said, this matter has been studied to death. We have had numerous conversations and meetings with the prior Secretary of Transportation, Mr. Allan Boyd, and they were going to prepare a study. The Interstate Commerce Commission of course has prepared many studies, starting back in 1958, and there have been numerous recommendations made by the Commission since that time.

I don't think that—I say this respectfully—that there is an appreciation of the sense of urgency involved in this thing. I think you have to look at it from a short-range standpoint and a long-range standpoint. The study will be fine from a long-range standpoint. But I think that what this committee, if I may say so respectfully, and what the Department of Transportation must realize is that this house is on fire now, and it has been on fire for some time. You can sit around here and talk about studies but regardless of whether they do it in 3 months of 6 months or when, no plan can be implemented in less than 4 or 5 years, even at the highest expedition with which you may proceed.

The Department of Transportation is talking about a long-range solution to this problem. We will only compound this problem by continually delaying facing up to it now. You have got a problem in this country which is absolutely chaotic as far as passenger rail transportation is concerned. If you had to deal with the problems I have to deal with every day. We transport some 250,000 people a day and you can't believe the number of complaints we get and rightfully so, in many cases on this service. The reason is that we are trying to operate equipment that is 40 and 50 and 60 years old. And there is no way in God's world you can provide anything approaching first-

class transportation with equipment of that sort. You can patch it up and run it for a day or two, but it will break down.

We are throwing away an enormous amount of money—and this has been going on in this country for years. If I may say so, respectfully, Congress has been ignoring this problem and the Government has been ignoring it and now we are talking about more time. My judgment is that you have got to do something now, and Senator Hartke's bill is the first step. The second step is a study, for development of a long-range plan. If Congress acted today it would be 2 years before we could get equipment to put on these trains and provide anything approaching first-class service. You can make some corrections, yes, in housekeeping, things of that sort. I don't pretend that we have done the job we ought to have done. But we are not going to get any significant improvement in passenger service in this country until the Federal Government makes up its mind it is going to do something about it. They ought to do it now on a short-range basis. It is not at all inconsistent with what Senator Allott or the Department of Transportation is suggesting.

But I am saying to you, sir, that this thing can't wait until 3 months from now, and when the Department of Transportation comes forward, if their program is realistic, they have got to recommend some short-term relief.

We can talk about air-cushion trains being developed in France, or what they have done in Japan, but it took years, it took 7 years to get the Tokaido line in operation.

We will only compound this problem by refusing to face up to the urgency of it now.

I am 100 percent in favor of Senator Hartke's bill, and I am also in favor of a long-range study. But I think the two are absolutely consistent.

Senator CANNON. Well, you make a very persuasive case. I may say that you indicate the house is burning down.

Mr. SAUNDERS. It is afire.

Senator CANNON. It is almost burned down in my area.

Mr. SAUNDERS. That is right. It has been burning far too long.

Senator CANNON. I am going to attend some hearings in my State next month, train discontinuance cases, that are even last-train cases in some instances.

Mr. SAUNDERS. Let me ask in that connection, Senator, what is the point to be gained, from a public standpoint, in insisting upon continuing second-class service or third-class service? What Congress ought to be interested in is not continuance of sorry service, but providing first-class service. You don't get it by just continuing trains. What has to be done for this patient is to give him an infusion of capital now. And further infusions in a long-range program.

Senator CANNON. You don't get the infusion by killing the patient though. This is what is being suggested when you suggest a discontinuance right now. Certainly a continuation of second-class service is better than discontinuance of all service.

Mr. SAUNDERS. I am not so sure of that.

Senator CANNON. If we have to do that and give the patient infusion as we go along, let's do it.

Mr. SAUNDERS. But if Congress would take some positive action, it would give the commuters and the travelers of this country hope that

something is going to be done immediately, not 5 years from now or 10 years from now. We have got to be realistic, you have to approach this problem now.

Senator CANNON. Well——

Mr. SAUNDERS. Keep the trains that are necessary, but give the railroads something to improve them with. Let me say this to you, that I don't think there is sufficient appreciation of the dire situation in the railroad industry. I am not talking about passenger trains alone, I am talking about the railroads generally. The railroad industry of this country is sick. And it is sick because it can't make enough money to live on.

The railroads of this country last year had a rate of return of 2.4 percent, about half of what a Government bond pays. Now A.T. & T is making over 7, around 8 percent now, rate of return. And they are presenting a case to the Federal Communications Commission saying they have to have 8½ to 9 percent after taxes in order to live and modernize. The trucking industry, our chief competitors, have a rate of return approaching 20 percent. There is no industry in this country that can live, let alone modernize, on a 2½-percent return. The railroads of this country have never earned as much as 4 percent on their investment since World War II. This passenger situation is just one of the industry's ailments. The whole situation is deteriorating. We don't have the financial resources to do the job we ought to in any area. The passenger situation is only one segment of it.

On the Penn Central Railroad, if we didn't have our $100 million loss on passenger service, we would probably be in the black. But as it is, we are losing over a hundred million dollars a year on carrying passengers and losses of this proportion have been going on for years. The railroad industry cannot continue to grow or serve the needs of this country as long as we have to live on the meager rations that we have had to live on for the last 15 years.

Senator CANNON. You know there are some who say that your railroad, as well as others, are trying to discourage passenger service.

Mr. SAUNDERS. That is not true.

Senator CANNON. Certainly that will not answer the problem, by discouraging passenger service.

Mr. SAUNDER. These statements are made by people who don't know what they are talking about. Let me say this, sir: there may be instances of that sort, but it is not true as far as we are concerned. We have put over $50 million just within the last 2 years in the Metroliner service compared to a piddling amount of money, only $2.4 million so far, from the Federal Government. If this were a highway project, it would be a 90-to-10 ratio of Federal money or maybe all. If we were like the airlines, the Government would carry on research like it is doing on the C–5 cargo plane.

Senator CANNON. But that service is going to pay off now.

Mr. SAUNDER. I don't know whether it is or not.

Senator CANNON. It looks like it.

Mr. SAUNDERS. It is too early to say, I think. I hope it will. But I will say this to you, you would never raise a dollar in Wall Street or from any banker as an investment, if we get a 2- or 3-percent return, you wouldn't put your money in it. Nobody else would, when he could

put it over here and get 20 percent return in a trucking industry or in an industrial company.

Private enterprise will not invest in passenger service. It is just not there. You will never get a penny back. We may get a few dollars back out of the Metroliner service, but it will never be a bonanza.

Senator CANNON. Well, it will certainly be a service to the public if you provide good service and take care of some of the passengers.

Mr. SAUNDERS. I know, but if you are going to keep the railroad industry in the private enterprise system in this country, you have got to let it live and to make money to live. It ought to make at least 6 percent. And unless it does, who is going to invest in railroad securities?

Senator CANNON. There is no question but what you are entitled to make a profit.

Mr. SAUNDERS. You will never get private enterprise to put money in passenger service. It is just not there.

Senator HARTKE. Senator Prouty?

Senator PROUTY. Thank you, Mr. Chairman.

Mr. Saunders, I am sorry I wasn't here when you made your prepared statement, but I was unable to be present.

I believe Mr. Whitman this morning suggested a possible proposal to charter a private corporation to provide rail passenger service in selected high-density routes over a 3-year period.

What is your reaction to that?

Mr. SAUNDERS. I think it is unrealistic, if I may say so, respectfully.

As I said to Senator Cannon you wouldn't get a penny of private money put into this thing. Comsat is a wholly different thing. There is a growing market with great potential. But, there is no potential in passenger service, even in short-range service.

It may, in congested areas, make a 2- or 3-percent return. But, who will put money into an undertaking of that sort? You won't find a penny of private money to go into this.

To talk about a private Government operation such as Comsat for passenger service in this country is wholly unrealistic.

Senator PROUTY. What about purchase by the Federal Government of railroad rights-of-way?

Mr. SAUNDERS. I think that would be a fine thing. I think it should be done, and it is long overdue. One of the great inequities that we have to face in the railroad industry today concerns our right-of-way; in the first place we have to maintain it, pay taxes on it and maintain our signal system. Yet the Government builds the airports and runways for the airlines and provides all of their air traffic control systems—which are equivalent to our signaling.

The railroads have to spend hundreds of millions of dollars each year in maintenance of our signaling equipment. Congress provides this for the airlines. I don't say it is free. They do pay something, of course, but they don't have the capital investment to carry, that we have, and they don't pay anything like, in my judgment, the full cost.

There is just no way that the railroads can compete, in an environment of this sort, in passenger travel.

Senator PROUTY. I realize over the last 25 or 30 years passenger traffic has declined, people haven't wanted to use railroads.

But, I think there has been a vast change in recent years. I hear many people say, "I would travel by train if I could, if the facilities were there, if the service were available."

I had a member of my staff not long ago, who tried to get a reservation, not on Penn Central, but on a western railroad. He wanted it on the 1st of the month, and word came back they could give him a reservation on the 2d, but they couldn't on the 1st. He had to go on the 1st. So finally, through some contacts, he was able to get a reservation on the first and found the car he was in was only one-third full.

Now, I think you will have to agree there is some evidence that suggests that the railroads are definitely discouraging people from traveling on the railroads in many instances.

Mr. SAUNDERS. Well, I think that is—I don't say we are simon pure or anything of that sort. But I think that statement is overstated. I think that is a cliche that has been used a great deal, which is not consistent with the facts.

For instance, we had the Broadway Limited, which was a great train. The Broadway Limited was a solid pullman train between New York and Chicago. We operated it as such until about a year ago. We finally combined it with the General. We gave passengers wine with dinner. At one time we had barbers on the train. We offered every convenience passengers could possibly want. And in the last 2 years of operation, our average number of people using that train was 60. The crew alone was over 70. We didn't have as many passengers as we had men working on the train.

You couldn't find a finer train than the Broadway Limited at that time. There may be people like you say, that, for nostalgic reasons or something, prefer the train but there are a handful of those. There is no market which will sustain passenger operation under anything approaching a break-even point.

Senator PROUTY. I have been told by officials of the Seaboard Coast Line Railroad that their trains between New York and Florida definitely show a profit. They are glad to have them in service.

Mr. SAUNDERS. They may show a profit. I won't argue with that.

But I will say this, when you say a profit, what do you mean? You mean a 1-percent return, or 2 percent? You have got to talk in terms of what kind of profit.

And there is no railroad in this country that makes enough money on the passenger service to pay. I don't think they make a 1-percent return on their investment.

Senator PROUTY. How about the Canadian railroads?

Mr. SAUNDERS. As a matter of fact, the American railroads lost $486 million last year. We lost $101 million and on an avoidable loss basis $63 million.

Senator PROUTY. Are you talking about passenger business now?

Mr. SAUNDERS. Yes, sir, passenger business.

Senator PROUTY. But you do have other investments to cushion that somewhat?

Mr. SAUNDERS. But how long can you cushion, how long would you be in business if you lost $100 million a year?

Senator PROUTY. I am sympathetic to your problem.

As one who loves to travel by train himself, I want to see——

Mr. SAUNDERS. I want the passenger service just like you do but I want it first class. But you can't get blood out of a turnip. We haven't got the money to provide the type of service you want, the type of service I want, without Government support.

Senator PROUTY. What capacity or occupancy of a train, say running 300 miles, do you feel you have to have normally to break even?

Mr. SAUNDERS. Well, I don't know——

Senator PROUTY. In terms of percentages?

Mr. SAUNDERS. I can't give you an exact figure.

I would say somewhere around 66 percent, something of that sort.

Senator PROUTY. If you had a train with 100, if you had 66 people on it, that would be a break-even point? If you could only carry 100 people——

Mr. SAUNDERS. I don't think you can break it down into numbers of people, necessarily.

Senator PROUTY. Percentagewise, 66 percent.

Mr. SAUNDERS. I would say you would have to have a 66 percent load factor at least, to break even.

Senator PROUTY. In my judgment it would be possible to better that if we had the service.

Mr. SAUNDERS. Pardon me?

Senator PROUTY. I said, in my judgment, it would be possible to maintain a much higher average than that, if we had good service and equipment.

Mr. SAUNDERS. I just pointed out to you what our experience was on the Broadway Limited, and that is typical—60 people on the train with a crew of 70.

Senator PROUTY. How long ago did you cease operating that?

Mr. SAUNDERS. We haven't ceased it, we combined it with the General. And it is still a good train, but not as good as it was before. It is still a first-class train, but it is losing money hand over fist.

Senator PROUTY. Well, I think perhaps you have got to have assistance from the Government.

Mr. SAUNDERS. Not only have we got to have it, sir, but we have got to have it now.

I think that, if I may suggest, sir, that it is vital that Senator Hartke's bill be enacted promptly, and these long-range studies go forward.

I am in favor of exploring any modern device like air cushion, all of that, if that is what the answer is.

But you are not going to find that answer in 2 or 3 years. It will take 5 to 10 years, in my opinion, to get the real solution to this problem. And we can't wait that long.

Senator PROUTY. How about the Canadian Pacific and Canadian National?

The Canadian National is Government owned and operated.

Mr. SAUNDERS. Yes.

Senator PROUTY. But the Canadian Pacific seems able to compete with them.

Mr. SAUNDERS. Well, the information I have is that both the Canadian railroads have problems. As a matter of fact, the Canadian National a year and a half ago was talking about this grandiose plan, what they were going to do to build up passenger business and so forth.

They are pulling back from it now. They find they can't do it. It is just impossible, even though they are subsidized by the Government.

They are asking for cutbacks in their service. They are going to cut it back substantially everywhere except in the corridor between Montreal and Toronto.

Senator PROUTY. I hear people can't get reservations on those trips because they are so full.

Mr. SAUNDERS. That is only in one unique situation, Toronto to Montreal.

We have the same situation with the Metroliner. But we are going to add—you didn't hear the testimony—we are going to put on three additional trains on October 26 and three more before the end of the year.

I don't think, however, that you can look at the passenger transportation problem in light of the Metroliner. The Washington-New York corridor is unique; it is really a commuter operation, in a sense. There may be corridors in certain limited areas of the country, where this may be applicable. But the problem to which I gather you are addressing yourself primarily is the long-range travel in the country, over 300 or 400 miles. The Metroliner service has no applicability in that, in my judgment. Even in the Metroliner area, it is no bonanza.

Senator PROUTY. I hope ways and means will be found——

Mr. SAUNDERS. As a matter of fact we can't even improve Metroliner or the Boston-New York service without Government support. We just have to have it.

This is the only country in the world where we undertake to operate passenger service with private enterprise. That is one of the reasons you have the problem you have today.

Senator PROUTY. Thank you, Mr. Chairman.

Senator HARTKE. Mr. Saunders, you take one departure from what has been the railroad position heretofore, I think, and that is you think there is a definite need for this type of service. In other words, you do not believe that passenger service is something which should expire?

Mr. SAUNDERS. That is partially my position. I think that there is a lot of passenger service in this country today that is not needed. And there is no basis for it whatever except perhaps nostalgia.

I think that ought to be gotten rid of. In certain high-density areas, yes, there is a definite need, I think, for passenger service, long-haul service. For distances of 500 miles or more, I see no future for it at all.

If the Government, or if the Commission, and I think the Commission is the proper agency, finds there is a public need, and it will not pay its way, then I think it should be subsidized.

Senator HARTKE. Let's come to the parts of it you didn't talk about. What about adequacy of service? Do you think such a bill should be coupled with some type of Government subsidy?

Mr. SAUNDERS. I think that is probably reasonable if the regulation is realistic. We have a lot of experience with this so-called adequacy-of-service concept. We had contracts with the city of Philadelphia and the regional agency called SEPTA in southeastern Pennsylvania for 7 or 8 years.

In recent years we also have had them in the State of New Jersey—provision for penalties for inadequate service. These things do become

a matter of great controversy. I recognize that there ought to be some realistic standards of service. I don't suggest that the railroads ought to have a blank check.

Senator HARTKE. All right. So we have established three propositions so far. I want to come to the fourth, and that is the question of a moratorium.

First we have established the facts that you are in favor of some type of Government subsidy, you are in favor of a long-range study. In other words, you look at it from two viewpoints, one a short range, one long range.

You say for the short range, you need some type of subsidy, and you are willing to agree there needs to be some type of agreement for adequacy of service, and a long-range study.

Now as I understand the problem in Canada, and I am not certain, but as I understand the problem there it involves the necessity of requesting a discontinuance on the basis of lack of sufficient revenue before the railroad becomes eligible for a subsidy.

Why couldn't there be some type of interimship whereby the study would be made, not on the basis of requiring in the first instance that there be a request for discontinuance, but that there be an overall study by the ICC or DOT, without regard to discontinuance petitions. In this way could not the ICC perhaps make a decision as to whether or not in their own mind this is the type of service which should be continued?

Mr. SAUNDERS. I think that is all right, provided that there is a subsidy in the meantime.

Senator HARTKE. All right. Why couldn't we have, then, if this type of situation could be worked out, a moratorium in the interim? If something can be done fast, why couldn't we have a moratorium in the interim?

Mr. SAUNDERS. I have no objection to a moratorium if we get subsidy in the meantime. I think we have got to have it, though, because we just can't continue. When you talk about moratorium, that is just nothing but delay.

Senator HARTKE. That is right. I think that is fair. I think that is a fair interpretation, it is a delay. Moratorium means delay. It means no action until such time as further decision is made.

Mr. SAUNDERS. That is right, and it does nothing but compound the problem by irritating the public with poor service.

Senator HARTKE. I do think this, you will have to agree, Mr. Saunders, the railroads have themselves in a position with the public generally in which they really come forward with the appearance of not wanting to give service.

Mr. SAUNDERS. I think the public thinks that, but I think there is a lot of misunderstanding, and a lack of appreciation of the problem the railroads have in trying to provide any service.

Senator HARTKE. If that is true, let's come to the Metroliner for a moment. Do you know what the avoidable cost was on that Washington-New York line before? Do you have that information?

Mr. SAUNDERS. No, I don't. I will be glad to furnish it, if it is available.

Senator HARTKE. I am sure that either you or the ICC must have that.

Mr. SAUNDERS. I don't think the Commission has it.

Senator HARTKE. All right. If you can supply that, if that information is available.

Mr. SAUNDERS. Yes.

Senator HARTKE. Is that run profitable now?

Mr. SAUNDERS. Which run?

Senator HARTKE. The Metroliner run?

Mr. SAUNDERS. Well, I think it is, but to be frank I don't know for this reason: it actually hasn't started yet, Senator. We are operating three round trips a day now and the demonstration project doesn't start until we get six round trips a day in effect.

We have had unbelievable startup costs, so to speak, in terms of bugs in these cars. They are highly sophisticated. There is no railroad equipment in the world as sophisticated as the Metroliner car. For instance, there is some 10 miles of electric wiring in every coach and each car is a locomotive in itself. Each car costs about a half million dollars.

There are all sorts of computers, transistors, things of that sort. And there have been a tremendous number of bugs and expensive debugging has been done. I don't think you can say on the basis of the experience thus far what normal costs will be.

So, I can't answer your question now. I don't think I will be able to answer it for maybe a year from now.

Senator HARTKE. Maybe in a light vein; maybe in a serious vein; you can figure out which, which I won't declare. Getting a new president, aren't you?

Mr. SAUNDERS. That is right.

Senator HARTKE. I read about a little controversy about that.

Mr. SAUNDERS. No controversy I know of.

Senator HARTKE. No. I heard that statement. You talk about the computers, transistors, and the wiring.

Mr. SAUNDERS. Yes.

Senator HARTKE. But you know it is pretty hard for those of us looking at this to see how you could have avoided seeing the difficulty that you had in reservations and other situations such as getting a telephone to answer. I mean you know just putting somebody on the other end and saying hello, instead of waiting for it to ring for 4 or 5 minutes, as I have done personally and I think it is quite common.

Mr. SAUNDERS. Maybe if we were as smart as you are, we would have thought of that. But seriously, Senator ——

Senator HARTKE. That was a real bug.

Mr. SAUNDERS. I know; I admit that. But the response to the Metroliner far exceeded any of our expectations. We had, I would say, a minimum of 20 times as many telephone calls as we expected. We had as many as 2,000 calls a day, and they are running over a thousand now.

In the New York area, for instance, we could handle 60 calls at one time. We have now stepped it up to 200; 200 calls at one time. We are doing relatively the same thing in Washington.

Senator HARTKE. But quite honestly, the difficulties on answering that telephone existed prior to the time the Metroliner went into effect.

Mr. SAUNDERS. It may have existed, but——

Senator HARTKE. Even the airlines have copied some of your delay tactics, I am sorry to say.

Mr. SAUNDERS. I am glad somebody recognizes that.

Senator HARTKE. You get that recorded voice talking to you; you can't even give it the devil, you know; you can't say anything to it; all you can do is hang on.

Mr. SAUNDERS. We have a ticket-selling device now that is working well. It has been in effect since the middle of August, and it is really splendid. It takes you no time at all to get your ticket.

And I think the telephone service is going to be improved. It is still not what we would like. As a matter of fact, you know the telephone company in New York is having some problems of its own, and they, of course, pass them on to us.

Senator HARTKE. New York has all kinds of problems which we don't want to inherit.

Mr. SAUNDERS. I am perfectly frank to say to you our telephone service is not what it ought to be. We are working on it constantly.

Senator HARTKE. Now, in the statement you say there is the possibility that other corridors may develop. Do you think there are other corridors now which exist, which possibly have that same type of latent prospect that occurred in the corridor from Washington to New York?

Mr. SAUNDERS. To be perfectly frank with you, I don't know.

Senator HARTKE. I wish you would think about this.

Mr. SAUNDERS. The reason I say that is this: There are a number of factors you have to consider. First, you have got to have people. There are areas developing where you probably have the density of population or will have in a given period of time. But the second thing you have to take into consideration, which is absolutely vital, is the alinement of the track. How much speed can you make on it. For instance, between Boston and New York, we have enough people there for a Metroliner service, but we have such a crooked railroad, we can't make time.

Senator HARTKE. Do you want to correct that statement?

Mr. SAUNDERS. The alinement of the track? I thought you understood me.

Senator HARTKE. I understood you. I just wondered how it looks in print.

Mr. SAUNDERS. Strike that then. The alinement of the track is such, Providence to Boston, you can't make a speed of 90 miles an hour. It would cost hundreds of millions of dollars to straighten that out.

Senator HARTKE. You might be able to do it from Detroit to Toledo and Chicago.

Mr. SAUNDERS. There again I think you have to take into consideration the question of how much speed you can make.

Senator HARTKE. That is beautiful country through there. It is flat and there's straight track and everything; all we have to do is get rid of some of the old driftwood ties.

Mr. SAUNDERS. I think you will find this: If the Federal Government will provide the appropriate amount of money for development of this sort, the railroads will cooperate. I am confident of that. But private enterprise cannot do it alone, because it is too speculative.

Senator HARTKE. Do you think we could get the same type of cooperation financially that we have in the Metroliner in the New York-Washington area?

Mr. SAUNDERS. No, sir; I don't. As a matter of fact we wouldn't make that deal again because there must be heavier Federal participation.

Senator HARTKE. How much heavier?

Mr. SAUNDERS. As a minimum, either treat us like the airlines, where you pay it all, or treat us like the highways, 90–10. There is no reason why we should be treated differently, if this is in the public interest.

Senator HARTKE. Are you talking about the track now?

Mr. SAUNDERS. I am talking about everything.

Senator HARTKE. Ninety-ten, they don't give 90–10 on the highways to the buses.

Mr. SAUNDERS. I am speaking generally. I am not trying to go into specifics. But I think it ought to be on some much more substantial basis than anything that has been discussed up to this point.

Senator HARTKE. You answered Senator Prouty a moment ago that you were in favor of purchase of right-of-way by the Federal Government?

Mr. SAUNDERS. Yes.

Senator HARTKE. That is purchase and maintenance of the present right-of-way?

Mr. SAUNDERS. Sure.

Senator HARTKE. A 90–10 basis for maintenance.

Mr. SAUNDERS. I don't know that I would go that far, but certainly we would accept that. But I mean you have got to find some basis for assistance to the railroads of this country. If maintaining a service is in the public interest, and it cannot pay its way, then the Government has to participate on a substantial basis.

Going back to Senator Prouty's comment about right-of-way, the railroads have been discriminated against in this regard for years. We get no tax benefits at all, no depreciation on the roadbed. We get no reduction in our taxes until we retire the property. Very little of course is retired. There are billions of dollars tied up in this way, for which we get no tax benefit whatever.

Senator HARTKE. I have been out on these roadbeds myself and I am not an expert in engineering, but it doesn't take an expert to know they are in bad shape.

Mr. SAUNDERS. They are not in the condition that they ought to be. The railroads of this country are being starved to death, we haven't got the money to put into the property we ought to.

Senator HARTKE. Let's assume you did have some type of compensation, as outlined in the bill I introduced. What assurance would there be that there would really be an improvement in service and an investment in equipment?

Mr. SAUNDERS. I think you could give to whatever agency administers the funds, either ICC or DOT, the authority to cut it off. It is not a perpetual grant. Cut it off if the railroads are not using the money properly.

Senator HARTKE. Don't you think maybe we could keep the James Whitcomb Reilly for awhile until we get through this little fiasco?

Mr. SAUNDERS. I hope not Senator, if you were losing a million and a quarter dollars a year on some project, you wouldn't keep it a half day, I don't believe.

Senator HARTKE. One conductor has testified that there is back trackage, train delays, and undermanned crews. He says the railroads won't clean up the cars.

Mr. SAUNDERS. I read that conductor's testimony. I don't agree with him at all.

Senator HARTKE. Would you ride that train?

Mr. SAUNDERS. I have ridden it several times.

Senator HARTKE. Would you now?

Mr. SAUNDERS. Certainly I would ride it. But to me that isn't the point involved. This is the reason I am so much in favor of your bill. If there is a public need for this train, then keep it, but somebody ought to pay whatever our losses are.

Senator HARTKE. Why don't you hold that little discontinuance in abeyance for awhile?

Mr. SAUNDERS. I wish I could. If I were in a position of General Motors, or A.T. & T., making 9, 12, 15 percent, certainly I would do it. But when you have a business, and I am talking about an overall business, that is losing money, you can't sit around and lose a million dollars a year, we haven't got it.

Senator HARTKE. One of the problems in this country in regard to transportation is that we still do not have a national transportation policy. You know that, do you not?

Mr. SAUNDERS. I agree with you 100 percent.

Senator HARTKE. I have said this repeatedly in the hearings on the Aviation Subcommittee, and there isn't any question about it, we are operating a Nation without a national transportation policy. The Department of Transportation was set up for that. But we are still without a national transportation policy. And I don't see us approaching one.

Mr. SAUNDERS. I wish we were closer to it. I am 100 percent in favor of it. We ought to try to develop one, but I also say we can't wait for that.

Senator HARTKE. As I understand it, you are in favor of a subsidy with an adquacy of service provision, with maybe some type of moratorium in the meantime, and a long-range study, if all of those things went into the package?

Mr. SAUNDERS. That is correct. A realistic adequacy of service standard.

Senator HARTKE. All right. Any further questions?

Senator PROUTY. If Senator Hartke's proposal became law, would the railroads then be in a position to improve their roadbeds and things of that nature?

Mr. SAUNDER. Yes, I think so, certainly. It depends upon the amount of the Federal subsidy. But everything helps. We are spending every penny we can on our roadbed. But there is a limit to our resources. And this is true throughout the country. This was not the whole answer, by no means. We have got to get the rate of return of the railroads up overall. But this is a vital step in that picture, improving the financial health of the railroad industry.

Senator PROUTY. If your present losses from passenger operations were eliminated as a result of a subsidy, then you would have those resources available.

Mr. SAUNDERS. That is right. We would have a lot more money to spend on roadbed, yes, sir.

Senator PROUTY. Thank you.

Senator HARTKE. Thank you, Mr. Saunders.

Senator HARTKE. The next witness will be Mr. Anthony Haswell, chairman, National Association of Railroad Passengers.

STATEMENT OF ANTHONY HASWELL, CHAIRMAN, NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

Mr. HASWELL. My name is Anthony Haswell. I am chairman of the National Association of Railroad Passengers, with offices at 41 Ivy Street SE., Washington, D.C. I appear on behalf of this association with regard to the legislation on rail passenger service now being considered by this committee.

The National Association of Railroad Passengers is an Illinois not-for-profit corporation. Membership is open to users of all kinds of railroad service—commuter, high speed, and long distance—and to anyone else who believes that rail passenger service is a valuable national asset which should be preserved and improved. Since our beginning in July 1967 we have enrolled over 3,500 members from all parts of the country. Our specific objectives are to obtain—

1. Stronger legal controls over discontinuance of passenger trains, and greater consideration of the overall public interest in continued passenger service in individual cases; and

2. Positive Government action to aid, encourage, and promote rail passenger service, including equal treatment for railroads by Government in relation to other forms of transportation.

Our activities in furtherance of these objectives include working for the passage of constructive legislation; opposing selected proposals for train discontinuances before regulatory authorities and the courts when, in our judgment, the overall public interest justifies such opposition; and conducting a continuing educational program to acquaint the public with the advantages and benefits of good passenger service, and the underlying economic and political issues of the problem.

A discussion of rail passenger service must of necessity be divided into two parts: the need and place for relatively conventional passenger trains as we know them today, and the need for high-speed service of advanced technological design. While of course it would be desirable to have high-speed service on all routes between major points, the cost of providing it is sufficiently high that the expenditure cannot be justified unless there is the prospect of a substantial volume of traffic.

When I use the term "conventional" train service, I emphatically do not mean the downgraded standard of service that is all too prevalent today. On far too many runs, adequate standards of maintenance and cleanliness, and reliable on-time performance are but pleasant memories. Furthermore, even assuming a top speed of 80 miles an hour, many trains could be operated on faster schedules than are now in effect. So in discussing the need and place for conventional train service, I am talking about trains that will be moderately speeded up, run on time, and kept clean and properly maintained.

Generally speaking, we believe that trains have the following advantages over one or more of the other modes, which justify their retention and improvement on many runs throughout the country even if the others are physically capable of handling the entire passenger load.

COMMON CARRIER

Trains are available to anyone who pays the price of a ticket. The automobile can never be a complete substitute, as not all persons are able to drive, or are able to afford to own a car or otherwise gain access to one.

SAFETY

Trains have the best safety record of any mode of transportation, as calculated on the basis of fatalities per hundred million passenger-miles. Over the past 10 years, buses have been 50 percent more dangerous, airplanes 2½ times as dangerous, and automobiles 20 times as dangerous. The hazards of highway travel are multiplied during winter weather conditions.

DEPENDABILITY

Airline performance is vulnerable to weather conditions, especially in winter. The same is true to a lesser extent of highway travel. Further, airplanes are increasingly running late because of air traffic delays.

ECONOMY

For short- to medium-distance trips, the train is more economical than the airplane. The same is true as against one person driving an automobile. Railroads are the most efficient of any mode for handling special groups, excursions, seasonal and holiday travel peaks, and war and national emergency needs. Special trains are an appealing alternative to fighting the crowds on the highway that inevitably appear whenever there is a big sporting event or other affair attracting large numbers to one location. The capability of economical movement of trainloads of people is perhaps the most important reason why we should retain passenger service. When the need for transportation is most crucial, the train is at its best.

SPEED

Between many points the train is, or can be, faster than the bus or auto.

COMFORT

Trains are smoother, roomier, and more comfortable than buses, and have such amenities as food and beverage service.

RELAXATION

For many people, highway travel is tense and fatiguing. One must be alert to the road ahead at every moment. Train travelers are free to work, read, look out the window, or sleep. While this is also true in theory for air travel, some people are psychologically averse to

flying, and even regular air travelers undergo some degree of tension during their trip.

SIGHTSEEING

The picture windows and domes of a modern train are ideal for seeing the passing countryside. The air traveler will see a relief map of the country if he is lucky: otherwise he will see the clouds. The moment the motorist takes his eyes off the road to view the scenery, he becomes a deadly menace to himself and others on the highway.

The need for high-speed corridor train service between major megalapolitan areas stems from the inability of the highways and airways to handle the ever-increasing volume of travel. While of course it is possible to expand these facilities, sufficient capacity for future needs cannot be provided without doing unacceptable damage to the environment in urban areas.

LAND USAGE

Urban expressways and airports are voracious consumers of real estate. If they are built in an existing residential area, thousands of people are forced to find a new home. In many instances, they are among the least able to afford the expense of relocation. If park land is used, the cost to the community is equally obvious. Even if undeveloped space is utilized, land is thus withdrawn from future use for housing and recreation. And of course, since highways and airports are publicly owned, land appropriated for these uses is permanently removed from the tax rolls. Opposition to expressway construction on these grounds has brought the highway program to a dead stop in San Francisco and is threatening to do so in Washington, D.C. Chicago's mayor has made clear that he will oppose the construction of any more expressways into the heart of the city.

In contrast, one line of railroad can handle as many people in the same timespan as 10 to 20 lanes of highway. In Chicago, the C. & N.W. rail terminal handles as many people each day as does the vast expanse of O'Hare Field. The four airports of the New York metropolitan area occupy as much land area as the Penn Central main line all the way from New York to Buffalo.

AIR POLLUTION

Automobiles are a primary source of air pollution in our major cities. Jet aircraft are making their contribution to the problem on a smaller scale. A diesel train creates far less pollution per passenger carried than either plane or car, and an electric train is pollution-free.

NOISE

Residents of areas near major airports have already forced major alterations in landing and takeoff patterns because of intolerable noise levels. It has been said that even if the controversial SST airliner is eventually built, it will not be used on any domestic routes because of the sonic boom. A heavily traveled rail line is quiet by comparison, and an electrified line is virtually silent.

Furthermore, we must not overlook some basic economics. New expressways cost a minimum of $1 million per route mile even if built

through open countryside. In built-up urban areas the cost is $10 million per mile on up. By contrast, rail tracks and rights-of-way can be economically upgraded for high-speed service. For example, in 1963 the New York Central completely rebuilt 50 miles of track between Youngstown and Ashtabula, Ohio, at a cost of $1 million, including the replacement of thousands of crossties, addition of tons of new ballast, and installation of new signaling. While the reconstruction of track for smooth, safe high-speed operation would be somewhat more expensive, it would still be a bargain compared to a new highway. The recent rash of freight derailments is a reminder that the railroads will have to spend more money on track maintenance whether they run passenger trains or not.

The economics of future airport construction are equally bleak. As new airports will have to be built farther and farther away from the center of the metropolitan areas they are designed to serve, substantial sums must be spent on providing high-speed access to and from the airport. And as more and more aircraft converge on any given area, the cost of the necessary airway control systems will skyrocket. The new Dallas-Fort Worth airport will cost, exclusive of access roads, $250 million. The estimated cost of a new jetport for New York City is $400 million at a minimum. The cost of a new airport in Chicago will be immense no matter where it is put. The choices have been narrowed to a site out in Lake Michigan, which has been attacked as a probable source of pollution or a site about 40 to 50 miles out of town, which will require an expensive high-speed ground link between airport and downtown.

In order to justify the substantial capital investment that will be required, the new trains must be capable of attracting large numbers of air and highway travelers. The essential requisite in this regard is a running time of 3 hours or less, offering an alternative to air service which is virtually as fast if one considers the time necessary to get to and from the airports. The new Metroliner service between New York and Washington now offers three daily round trips, one of 2½ hours and two of 3 hours. Train travel between New York and Washington has increased 72 percent over a comparable period a year ago.

We believe that several of the bills now before the committee would be most helpful in bringing about the modern rail passenger service that is so badly needed.

NARP strongly endorses S. 2939; legislation clarifying the ICC authority to set standards of passenger service; and Senate Concurrent Resolution 32.

NARP agrees with the basic objectives of the amendments to section 13a recommended by the ICC and introduced by Senator Hartke as S. 2887. The purpose is to give those members of the general public who oppose a specific discontinuance, more time to prepare their case and a stronger legal foundation. However, we feel that to truly accomplish this purpose, and to effectively protect the consumer passenger service, additional language should be included. We have recommended specific language and I respectfully ask that the subcommittee give careful consideration to these proposed amendments.

NARP strongly supports legislation on standards of service. However, we believe that the amendment to section 13 proposed by ICC is too weak to do the job. It would not give the FCC the authority to

restructure service so that a truly national network of passenger service could be created. Further, by specifically listing the housekeeping items over which the ICC would have jurisdiction, the bill is limited in its scope.

Senator HARTKE. In other words, you would prefer general overall authority for the ICC concerning adequacy of service and leave it up to them to make a determination as to what constituted that adequacy of service, without specific mention in the legislation.

Mr. HASWELL. Yes. I believe so, Senator. It is the body with expertise which has been created by Congress to determine these questions.

I do call your attention to a bill introduced by Congressman Adams in the House, with 70 cosponsors, H.R. 13832——

Senator HARTKE. He has testified here on behalf of that proposition.

Mr. HASWELL. Fine.

Now with regard to Senate Concurrent Resolution 32, the Allott resolution, we strongly favor the enactment of this resolution and the investigation and study which it calls for. The specific guidelines enumerated in the resolution are self-explanatory, and are a concise summary of the problem areas to be dealt with if we are to have truly modern rail passenger service for all parts of America. The 6-month time limit on completion of the investigation and study will allow for recommendations which flow therefrom to be acted upon by this Congress if the resolution is promptly enacted.

S. 2750

We are in favor of Government financial assistance for rail passenger service. Indeed, in view of the rapidly deteriorating situation of this service in the face of continuing massive Government expenditures for the benefit of other modes, a well-conceived program of Federal aid is imperative. In 1968 alone the airlines received approximately $670 million in Federal money from the general fund for airway facilities, airports, and direct subsidies, which was not recovered by user charges. While highway expenditures are harder to pinpoint, there is serious question whether highway users are in fact paying the full cost to the Government for facilities provided them. In any event, both of these modes enjoy important additional benefits as compared to railroads stemming from the fact that by far the largest part of their fixed facilities are publicly owned. State and local property taxes are avoided almost entirely. User charges paid by air and highway carriers are deductible in full for Federal income tax purposes in the year in which paid, even though the bulk of such money is spent for capital improvements. Railroads must capitalize such investments and are permitted to depreciate them only over a longer period of time.

I would like to interject here that I thought Chairman Saunders of the Penn Central made a very forceful statement along these lines that we could hardly improve on. I would like to identify our association with that statement.

Senator HARTKE. Isn't it unusual for you to identify yourself with any railroad man in management?

Mr. HASWELL. We have to be impartial, Senator.

Senator HARTKE. I think it is a departure at least.

Mr. HASWELL. Nevertheless, we believe that operating subsidies should be viewed with considerable caution. They are not a funda-

mental solution to the economic problems of rail passenger service, which are primarily traceable to an obsolete physical plant which is inefficiently operated. An inherent danger of operating subsidies is that they would pay for such inefficiencies on a continuing basis. Railroads receiving subsidies would have little or no incentive to reduce expenses or to increase revenues on their own initiative. The Federal Government would be in the position of paying for admittedly poor service provided at excessive cost. In short ,operating subsidies have the risk of becoming permanent drains on Government revenues without commensurate public benefits.

We are convinced that if an appropriate program of capital assistance were enacted to enable modernization of rail passenger equipment and facilities; if the present pattern of service were restructured in accordance with present and future needs; if revenues were increased through the provision of better service aggressively promoted; if labor work rules were modernized; if adequate user charges were imposed on other modes for publicly financed facilities; and if appropriate State, local, and Federal tax relief were extended, operating subsidies would not be necessary to insure the survival of passenger service. Avoidable losses on passenger service would either disappear entirely or be sufficiently small to be rightfully absorbed by the railroads as part of their obligation as public utilities.

Nevertheless, we recognize that all of the above remedial steps cannot be accomplished overnight, and it may be that the Congress will conclude that at least an interim operating subsidy program is necessary. Accordingly, we will comment on the specific provisions of the bill.

First, we strongly oppose the concept of reimbursement in full for losses on any particular train. The incentive to improve results by increasing revenues and/or reducing expenses would be completely eliminated. A similar statute has been enacted in Canada which limits reimbursement to 80 percent. Nevertheless, press reports indicate that railroad managers in that country may become more preoccupied with proving the largest possible loss rather than attempting to improve the picture through positive action. We urge that subsidies be limited to 67 percent—two-thirds—of the provable loss.

Second, we object to the provision of the bill which calls for inclusion of "an appropriate allocation of common expenses and overheads." This language would inevitably be interpreted by the Commission and the courts as requiring payment to the railroads on the basis of the so-called ICC "fully distributed" or "fully allocated" cost basis of the so-called ICC fully distributed or fully allocated cost formula. This formula was severely criticized by the Commission itself in its recent "Investigation of Costs of Intercity Rail Passenger Service as substantially overstating the amount o f money thaat the railroads would save if they were to discontinue passenger service. The fully allocated deficit for all railroads is running close to $500 million annually, while the amount that could be saved were service discontinued is only half that amount at most. Since it can safely be assumed that there isn't a passenger train in the country that isn't losing money on a fully distributed basis, enactment of the bill in its present form would enable the railroads to bill the Government for $500 million per year for poor passenger service, of which $250 million would be not a subsidy but a windfall.

Senator HARTKE. In that regard, do you recommend that the two-thirds limitation apply to the so-called avoidable loss, or the $250 million amount?

Mr. HASWELL. Yes, the avoidable loss.

Senator HARTKE. In other words, you would still think it should apply on a two-thirds basis of avoidable loss.

Mr. HASWELL. Yes.

Third, we must oppose the linkage of a subsidy program with the passenger train discontinuance mechanism of section 13a. Under the bill as now drafted, no subsidy could be granted unless a railroad filed a discontinuance notice with the ICC. Accordingly, we can assume that if the bill were enacted, the vast majority of trains still operating would become the subject of discontinuance proceedings. The resulting publicity would put a psychological chill on the service. The negative aspects would be emphasized and the positive benefits of improved passenger service would be ignored. The public would very likely conclude that trains were obsolete and not worth riding on or supporting with public funds. Experience in Canada is a case in point. The new law granting an 80-percent subsidy requires the filing of a discontinuance application as a prerequisite. This past summer the Canadian railroads announced their intention to avail themselves of the law by filing for discontinuance of almost all trains. The story was widely reported in the American press as evidence that the Canadian passenger revitalization program had failed and that massive discontinuances were in fact imminent.

If we are to subsidize passenger service, it should be done in a positive atmosphere, so as to encourage public support for the program in the expectation of substantial improvement for the benefit of a wide spectrum of travelers. As this bill is presently drawn, the public will be invited to a funeral and then given an opportunity to keep the corpse barely alive by making an exorbitant financial contribution. The probable reaction would be such that Congress would have to repeal the law, or else refuse to appropriate necessary funds to implement it. Hence we regard the bill as a carefully planned scheme to stir up the public against passenger service, rather than a well-conceived program of necessary public assistance.

We favor a capital assistance program for modernization of passenger equipment as is provided for in this bill. However, here again we oppose any link between such a program and the train discontinuance procedures. Also, we believe that appropriate legislation for this purpose should spell out the responsibilities of the Secretary of Transportation and of the railroads in considerably more detail than is set forth in the bill.

Finally, we would like to offer an alternative suggestion for an operating subsidy than the approach taken in this bill of making up deficits of specific trains. There is broad agreement that the cost of operating large passenger terminals, including supporting facilities, is an important part of the total cost burden of passenger service. For a variety of reasons, terminal costs, especially those at jointly operated terminals, are not susceptible to significant reduction or even to close control. Elimination of this category of expense is an important objective of the increasing number of railroads that are striving for total elimination of passenger service. If government assistance were spe-

cifically earmarked for the operation of terminals, a big incentive for railroads to get out of the passenger business would be eliminated. Such a program would be consistent with long-standing policy toward air transportation, in that a heavy portion of the aid given to airlines has been in the form of airport facilities and takeoff and landing guidance systems.

S. 2939

This bill would provide $195 million over a 4-year period to modernize railroad passenger equipment. The Secretary of Transportation would be authorized to purchase existing equipment and arrange for its rehabilitation, and to purchase new equipment including high-speed trains. He could then lease the equipment to railroad or regional transportation authorities. He would be responsible for the servicing, maintenance, and repair of such equipment, and also could provide modern rehabilitation and repair facilities to whomever he contracted with to perform this work.

We enthusiastically support this legislation. The expenditure of Federal funds it calls for would result in solid, tangible benefits for both the public and the railroads.

Much of our existing intercity passenger fleet is literally falling apart. Unless a major program for its rehabilitation and replacement is undertaken soon, there will be no more passenger service because there will be no passenger cars left which can be operated to provide even the most minimum standards of safety and reliability. The number of passenger cars have been declining by about 1,000 each year since 1958; by the end of 1968, it was down to 8,500. It is clear that the railroads either cannot or will not spend the necessary funds to revitalize their car fleets. In view of the upromising economics of present passenger operations and the need for capital investment in the freight business it is probably unreasonable to expect them to do so.

Modern equipment would do far more for the railroads than merely allowing passenger service to be physically continued. The most obvious benefit is providing more attractive service. New and rehabilitated cars would ride more smoothly and be more comfortable. They would be less vulnerable to mechanical and electrical malfunctions. It is imperative that trains be made attractive enough to lure passengers back to the rails from other modes. Yesterday's hardware will simply not do the job.

Perhaps of equal importance in the contribution that modern equipment can make toward reduction of operating expense. Testimony in last year's California Zephyr case before the ICC indicated that were new equipment purchased or the existing equipment given major rehabilitation, it would be very attractive investment if it is assumed that the train is to be kept in operation. We are told that maintenance and repair expense of new commuter cars operated by Penn Central in cooperation with the Southeast Pennsylvania Transportation Authority is a small fraction of that the older cars replaced. Spiraling equipment maintenance and repair costs are a powerful force behind the railroads' drive to cut back passenger service, and is exemplified by the California Zephyr, effort behind to economize by skimping on this work result in substantial service deficiencies which in turn drive people off the trains.

Finally, enactment of this bill would provide a solution to the economic problems of providing an adequate supply of equipment for seasonal and holiday peaks, special events and excursions of all kinds, and war and national emergency needs. Railroads are the most efficient and economical mode of transportation for handling large groups of people up to distances of 1,000 miles. Furthermore, a reserve rail passenger capacity for this purpose would provide relief on the highways and in the airways when it is most needed—during peak periods and whenever there is a big sporting event or other affair attracting large numbers of people to one location.

The capability of economical movement of trainloads of people is perhaps the most important reason why we should retain passenger service. Yet the railroads have no desire to spend any money for equipment which would be used only on selected occasions. In the last few years, literally dozens of traditional special movements have been turned away by the railroads because no serviceable equipment was available. Hence, it is imperative that the Government underwrite a reserve, ready-to-roll passenger capability. By authorizing the Secretary to acquire and rehabilitate existing equipment and leasing it to the railroads on a mileage basis for individual trips, this bill solves the problem. The railroads would be paying for the equipment only when it is in service generating revenues for them. We are confident that once such an equipment pool came into existence, the railroads would soon find all kinds of special groups and excursions at all times of the year who would want to utilize it.

S. 2887

This bill would strengthen the power of the Interstate Commerce Commission over proposed train discontinuances in a number of respects. First it would make clear that a "train" means the whole train over its entire route, regardless of how many individual carriers participated in its joint operation. Thus, if only one railroad out of three chose to file notice of discontinuance as to its segment of a train jointly operated with two other lines, the filing carrier would have to serve and post notice at all points served, including points on the participating carriers. Thus, all localities, organizations, and persons whose interests would be affected by discontinuance, would be afforded adequate notice so they could appear at the hearings and protect their interests.

While we favor this portion of the bill we believe that it is not a change in present law but merely a desirable clarification of existing law. In our opinion, the present statute already requires what the proposal before you seeks to make more explicit. We ask that this committee and the Congress make this point clear in the course of further consideration of this legislation.

However, we believe that a substantive change in present law is necessary if there is to be effective control over piecemeal discontinuance tactics by operators of jointly operated trains. As the laws stands, one participating carrier to a joint operation involving three railroads can file and post a discontinuance notice independent of the others. Opponents must nonetheless prepare their case for continuance of the train in its entirety. No sooner are the hearings over in that case than the second carrier can file its own notice. So 3 to 4 months later the

public must retry its case all over again. And as soon as this second set of hearings are concluded, or even before, the third carrier can file its notice, again forcing a retrial of the entire train. By the time the 4-month suspension is up and assuming the Commission has ruled in each of the first three cases that the train must continue in operation for 1 year, the railroad which filed notice in the first instance is free to start all over again since the 1-year period will have expired.

Recent efforts by the three railroads operating the California Zephyr between Chicago and San Francisco make clear that the above recitation is far more than hypothetical. This May, the Denver & Rio Grande Western Railroad filed its notice of discontinuance and hearings were held in August. At about that time, the Western Pacific filed a notice, and hearings will be held next month. Now rumor has it that the Burlington is about to file for discontinuance of its segment between Chicago and Denver, which will force hearings in December or January.

At each set of hearings, the basic issue is the same—the need for the service over its entire route between Chicago and San Francisco. Yet the public is being subjected to a war of attrition in which it is at a severe disadvantage in view of the substantial financial resources available to the railroad corporations for preparing and trying these cases. Furthermore, this situation is a perversion of the intent of Congress to forbid a retrial of the same train discontinuance case sooner than 1 year subsequent to a ruling by the Commission that the train must be continued in operation. Accordingly, we suggest the following language be added after the first sentence of this bill:

> Upon the filing of such a notice pertaining to a train jointly operated by two or more carriers, no carrier or carriers not party to the notice which share in the operation of said train may file a notice under this section of any proposed discontinuance or change in whole or in part relating to said train until after the segment of the train that is the subject of the original notice has been discontinued in accordance with the terms of the notice or by order of the Commission following investigation of the proposal contained in the notice, or until after the expiration of whatever period of time the Commission has required continued operation of said segment.

Second, the bill would allow the Commission considerably more time to decide individual cases—up to 11 months from the date of filing of discontinuance notice as compared to the 5 months now provided for in present section 13a(1). Recent experience makes clear that the present period is too short, especially in cases involving transcontinental trains. At present, the railroad can determine that it wants to discontinue a train, take as long as it wants to prepare an elaborate case in support of its position, and then a file a discontinuance notice. The Commission will typically take 2 to 3 weeks to decide whether to suspend the effective date of the discontinuance and hold hearings; if and when it does, the public has barely 2 months in which to prepare its case.

Third, the bill places the burden of proof squarely on the railroads. While we believe that the railroads under the present law have the duty of providing all relevant information and data in their possession and control we nevertheless support the burden of proof language in S. 2887 as a desirable clarification.

Fourth, the bill requires that the Commission enter a specific order upon the conclusion of an investigation in those instances where it

finds that the railroad should be permitted to discontinue the train in whole or in part. We favor this provision, for if the Commission must issue a specific order, it clearly may attach reasonable terms and conditions to that order. Thus it would be able to require service improvements and changes on trains that would remain in service and provide for protection of affected employees.

Fifth, the bill states that for a 2-year period, a more stringent set of provisions will apply to proposals for discontinuance of the last remaining passenger trains between two given points. No such train could be discontinued unless the Commission made an affirmative finding that it was not required by public convenience and necessity, or that its continued operation will impair the ability of the railroad to fulfill its obligations toward other customers. The Commission would have power to impose standards of service on any such train ordered to be continued, and its jurisdiction would be exclusive and plenary, the railroad being prohibited from discontinuing the train by authority of a State or States.

We generally favor these provisions in principle, but do suggest the following amendments. Instead of making them apply to last trains between any two points, they should apply to last trains operated over any given line of railroad. For example, the Penn Central operates trains between New York and Chicago over very different routes serving entirely different communities. As the bills now stand, the last train provisions would not apply if the company proposed to take off all trains over only one of these routes. The same situation applies to the Chicago & North Western trains between Chicago and Green Bay, Wis.—some operate via Manitowoc and Sheboygan, while others run via Fond du Lac, Oshkosh, Neenah-Menasha, and Appleton.

We believe that instead of having these provisions run for 2 years from the enactment of the bills, they should remain in force until January 1, 1973. While we believe that Congress should act now to provide positive assistance for railroad passenger service, it may wish to await the results of the studies provided for in the bill, and in others before the committee today. If so, it seems unlikely that this Congress would be able to act on recommendations of such studies before the end of the second session, and such responsibility would fall to the Congress elected in 1970. Accordingly, we believe that strong controls should be in force for the life of that body, to insure that its deliberations on passenger train problems are not rendered largely theoretical by action of the railroads.

While we emphatically favor adequate controls over standards of service, and do not oppose their inclusion in this bill, we would prefer to see this power vested in the Commission over all passenger trains now operating in interstate commerce, such power to be in a section of the Interstate Commerce Act separate and distinct from the discontinuance provisions. Here again, we believe that the Commission already possesses this power, but that clarifying language would be desirable.

Sixth, the bill provides specifically for the right of judicial review of Commission orders. We believe that this provision is unnecessary, as the Commission and several district courts have ruled that this right presently exists. If this portion is enacted, we do believe that the benefits should not be limited to States, State agencies, or persons, but

should be available to any aggrieved party. As the bill now reads, there is some question whether cities, other municipal corporations, consumer groups, and labor organizations would qualify.

Finally, the bill provides for a study of existing and future potential for intercity rail passenger service, to be conducted by the Department of Transportation and completed within 1 year after date of enactment of the act. The suggested guidelines appear quite broad, covering all modes of transportation up through 1975. While we support the conduct of this type of study, we seriously doubt if it can be completed within 1 year, and in any event must not be made a substitute for positive action.

In conclusion, Mr. Chairman, let me make one point. If some positive action is not taken by this Congress, 2 or 3 years from now there will simply be no passenger trains left, other than commuter service and service in one or two corridors. The railroad industry is determined to get out of the passenger business. It is up to the Congress to make it clear that public policy forbids this and that the Nation requires modern passenger service to be provided by its rail common carriers.

Thank you.

Senator HARTKE. Can you give me any estimate of what you think your package would cost?

Mr. HASWELL. The Tydings bill calls for $195 million over a 4-year period.

Senator Allott alluded to a study now being undertaken by the Rail Foundation to determine fairly specifically what kind of amounts of new and rehabilitated equipment that dollar figure would buy. While it won't modernize the entire passenger fleet, it will do an awful lot in the most critical areas. And of course the program should be evaluated in terms of the need for new and rehabilitated cars for a restructured passenger system, certainly not on the basis of providing new cars for every train that is running today.

I think that if passenger service were properly reorganized and restructured, the utilization of equipment would be vastly more efficient and we wouldn't need nearly as much equipment as is currently shuttling back and forth on a disorganized basis today.

Senator HARTKE. What do you think of the suggestion of having some type of subsidy, a moratorium, an adequacy of service provision and a study? Is that in line with your general viewpoint?

Mr. HASWELL. Are you talking about a bill which would encompass all of these?

Senator HARTKE. That is right.

Mr. HASWELL. Certainly. That is an excellent way to handle it. I definitely believe that all of these things have to be considered together; that they work together, and that it would be shortsighted just to appropriate a lot of money without any controls.

On the other hand, certainly over the longer term, mere coercion is not going to get us the passenger service we need.

Senator HARTKE. Thank you.

Senator HARTKE. If we have any witness here who can finish by 12 o'clock, we will be glad to take him. But I will recess sharply at 12.

Mr. Louis W. Menk, president of the Northern Pacific Railway.

STATEMENT OF LOUIS W. MENK, PRESIDENT, NORTHERN PACIFIC RAILWAY, ST. PAUL, MINN.

Mr. MENK. Mr. Chairman, I have a prepared statement which I would appreciate your permitting to be put into the record.

Senator HARTKE. The entire statement will appear in the record.

Mr. MENK. In view of the lateness of the hour, I will just briefly say that what I have said in my statement alludes primarily to the situation on the Northern Pacific, which has reached catastrophic proportions as it has in my opinion over the entire country. We just are completing today hearings on one train whose losses out of pocket will exceed $3.5 million this year. Our total 1968 passenger losses were $16,869,000; on a solely related to passenger train operation in 1968, $10,225,000.

Much has been said about equipment. We have acquired new equipment as late as 1965, 10 cars. Our entire fleet or most of our fleet was built or purchased in the area from 1946 on. The replacement cost of the 132 cars in our service today would be estimated at $37,250,000. Obviously we can't afford this type of expenditure. We operate high-type service; we have recently done a great number of things to upgrade the service and the schedules which are outlined on page 7 of my testimony. We also have maintained a substantial advertising program. In 1966 we spent $1,717,000, of which $203,000 was spent on advertising. In 1967, $1,085,000, of which amount $207,000-plus was allocated to advertising for less than 5 percent of our rail revenue.

It is my belief that there is no need, that the need does not exist for long haul service. By long haul, I mean distances of over 300 miles. I think in our hearings we have conclusively proven this. The facts are, as Mr. Saunders said, the house is on fire. Mr. Haswell talked about having a funeral with a corpse. We better get our black suits on for the whole railroad industry if we continue to have deficits exceeding $500 million in the passenger field. It is a serious problem, we are being harassed on every side. I don't believe, as far as my personal views are concerned, that this fine industry that is so needed by this country can exist if we continue to have these high deficit operations and are operating them against, or in competition with subsidized forms of travel.

I support your bill, Senator. I think, as Mr Saunders stated, we need it now, we have got to have it now. We can study the matter, it has been studied, there are plenty of studies about the passenger train problem. But if we don't get some relief and get it now, there are a number of railroads, in fact I would say the majority of the railroads in this Nation that will go down the drain. I think it is as serious as this.

With respect to a proposal by the President to authorize a billion dollars for the SST program, I think this is all right, I think we ought to keep looking at advancing technology. But I think it is just as important that we look at technology that has become antiquated and inadequate and permit us to keep up with the times.

I had the honor of being the president of the Frisco Railroad for several years. We applied to the Commission to take off all of the passenger trains we operated, 12 in number. We got authority to take eight off, keep two on for 1 year; one was discontinued the following year and one the year after that. I don't believe any of the cities along

the Frisco line have dried up, blown away or decayed as a result of getting rid of these losing passenger operations. There is plenty of alternate service in all of the areas we operate in. We simply have reached a point in time where the people are not riding our trains. The people in our area, the passengers we carry, are about 7.5 per passenger mile. So, obviously, in our opinion, the need doesn't exist. I could go on and on, but in view of the lateness of the hour, I want to say the rate of return, as Mr. Saunders pointed out, of this industry was 2.44 percent in 1968; for the Northern Pacific it was only 1.71 percent. We have a very serious deterioration in our cash flow, and we think that unless we get the relief that is offered in our bill, that we are going to be in very serious circumstances indeed.

(The complete statement follows:)

STATEMENT OF LOUIS W. MENK, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NORTHERN PACIFIC RAILWAY CO.

SUMMARY OF TESTIMONY

I strongly support S. 2750, which authorizes reimbursement to railroads for passenger train deficits, because I believe such legislation is essential in the national interest if passenger trains are to be preserved and the railroad industry permitted to utilize its limited resources to modernize its plant and improve its services to the public. The Northern Pacific has discontinued 62 losing passenger trains since 1950. We are presently attempting to discontinue our transcontinental "Mainstreeter" passenger train which operates between St. Paul, Minnesota and Seattle, Washington. Last year, the Interstate Commerce Commission directed that we continue to operate this train for one more year. This year, the operations of this train will result in an out-of-pocket loss of $3.5 million. The passenger train losses for the Northern Pacific in 1968 on the Interstate Commerce Commission full deficit basis were $16,869,000, and $10,220,000 on a solely related basis.

All of our passenger equipment was built after World War II, some of which as late as 1965. Our equipment is maintained at the highest standards. We have advertised and made vigorous efforts to promote our passenger service. However, the loss of mail, express and the continuing decline in passenger patronage has resulted in overwhelming deficits for the Company.

The Northern Pacific simply cannot endure losses of this magnitude. It is essential that our limited resources be concentrated in upgrading and improving our freight service so that we can serve the growing West rather than employed in sustaining these huge passenger losses. S. 2750 is essential, in my opinion, in order to meet this grave and growing national problem.

TESTIMONY

My name is Louis W. Menk. I am President and Chief Executive Officer of Northern Pacific Railway Company with headquarters in St. Paul, Minnesota. My railroad career began with the Union Pacific Railroad in 1936 as a messenger and telegrapher. In 1940 I went to the St. Louis-San Francisco Railroad Company as a Telegrapher-Dispatcher and, successively, held a number of positions in the Operating Department, including Vice President of Operations. In 1964 I became President and Chairman of that Company. In 1965 I became President of the Chicago, Burlington & Quincy Railroad Company and on October 1, 1966, I came to St. Paul as President of Northern Pacific Railway Company.

I welcome the opportunity to testify here today in support of Senate Bill 2750 which authorizes reimbursement to railroads for passenger train deficits. Mr. Goodfellow has adequately covered the national rail passenger train problems. Accordingly, I will confine my remarks to solely the operations of Northern Pacific Railway Company.

Today, Northern Pacific operates six passenger trains, Nos. 1 and 2, the "Mainstreeter," and Nos. 25 and 26, the "North Coast Limited," operate daily between St. Paul, Minnesota and Seattle, Washington. In addition, we operate Trains 407 and 408 daily between Seattle, Washington and Portland, Oregon.

This was not always so. Because increased costs and declining passenger revenues have resulted in substantial passenger train deficit, Northern Pacific has been forced to embark on a policy of discontinuing losing passenger train operations. In 1950 Northern Pacific operated 68 passenger trains; in 1960 we operated 48 passenger trains; and in 1968 we operated 10 passenger trains.

The passenger trains which have been discontinued have been of relatively short runs operating between points within a state or between cities in adjacent states. For example, in 1950 we operated 5.4 million passenger train miles; in 1960 we operated 4.5 million passenger train miles; and in 1968 we operated 3.3 million passenger train miles, or about 60 percent of the total operated in 1950. We continue to operate our long-haul trains between St. Paul, Minnesota and Seattle, Washington. However, rising losses on our Mainstreeter transcontinental trains, which in the year 1967 amounted to an out-of-pocket loss of $1.5 million, forced us to petition at the end of that year for discontinuance of these trains between Fargo, North Dakota and Seattle-Tacoma, Washington. The Interstate Commerce Commission in *Northern Pacific Railway Company Discontinuance of Trains Nos. 1 and 2 Between Fargo, N. Dak., and Seattle-Tacoma, Wash.* (Finance Docket No. 24855), 333 I.C.C. 15, issued its order on May 6, 1968, requiring Northern Pacific Railway Company to continue the operation of these trains for a period of one year from that date on the grounds that its continued operation was required by the public convenience and necessity, and that it does not unduly burden interstate or foreign commerce Our out-of-pocket losses on these trains for the year 1968 amounted to $2.6 million.

In May of 1969, Northern Pacific again filed an application with the Interstate Commerce Commission to discontinue these trains. Hearings on this application at 18 locations began on August 18, 1969 at St. Paul, and will end on September 25, 1969, in Washington, D.C. We estimate that the out-of-pocket loss or deficit of the Mainstreeter this year will exceed $3.5 million. Further, the operation of our other transcontinental trains Nos. 25 and 26, the "North Coast Limited," results in a substantial loss not appreciably less than the loss sustained by the Mainstreeter and this loss is increasing. Our 1968 passenger losses on the Interstate Commerce Commission full deficit basis were $16,869,000. Our losses on a solely related to passenger train operation basis in 1968 were $10,220,000. Northern Pacific simply cannot continue to endure such heavy and unwarranted losses.

Today, we have 132 lightweight streamlined passenger cars in active service. All of these cars are air conditioned, and many are equipped with vista domes. They are also equipped with disk type brakes which allow smoother operation and more economical maintenance. Thirty-four of these cars were built in 1946 and the remainder were built since that date. Our most recent acquisition was ten cars built in 1965. The normal life expectancy for passenger cars is estimated at forty years and accordingly we are not operating an aged fleet of cars.

Our estimated replacement cost for these 132 cars is $37,250,000 or an average cost of $282,000 per car. This estimate is based on adjusting original cost to date on the basis of cost trends as issued by the Association of American Railroads. This estimate is thus based on original cost figures during a period when a large number of passenger cars were manufactured. In recent years relatively few passenger cars have been manufactured because of a surplus of cars resulting from train discontinuances, and manufacturing facilities have been dismantled. Thus, the above estimate does not include substantial expenditures for retooling and new facilities necessary to manufacture these cars. Accordingly, this estimate is extremely conservative. Furthermore, Northern Pacific purchased much of its equipment during a seven year period. Thus, we can anticipate expending extraordinarily large sums over a short period of time for replacement. Financing of these expenditures will be extremely difficult unless conditions change dramatically.

This expensive equipment requires high maintenance standards. Every four years each passenger car is given a complete overhaul and refurbishing. This program includes complete refinishing of the car, including renewal of all upholstery and floor covering and repainting inside and out as well as a thorough overhaul of all mechanical and electrical parts. These maintenance costs range from $25,000 to $45,000 per car and are handled at a special passenger car repair shop in St. Paul. 172 cars received such maintenance in the five-year period 1964 to 1968. We also maintain modern coach yards at Seattle, Washington, St. Paul, Minnesota, and Chicago, Illinois to do the maintenance and cleaning of the cars before they depart in trains. There are also repair forces available at nine intermediate points on our line to take care of emergency work that is found necessary

plus washing windows and supplying cars with water and other maintenance needs.

In addition to relatively new equipment and high maintenance standards we have made many improvements in service to attract passengers for train travel and reduce operating costs. We have established economy-buffet food service where good family meals are available at a reasonable cost and expenses are held to minimum because of the small staff. Following the Post Office Department's decision to remove volume mail from passenger trains we removed certain baggage cars from our Mainstreeter train and were able to reduce the running time between St. Paul, Minnesota and Seattle, Washington by about eight hours. We rebuilt five dome-type sleeping cars to provide "lounge in the sky" refreshment service for sleeping car passengers. This permitted discontinuance of a separate and highly expensive club car on our North Coast Limited. We provide stewardesses on our North Coast Limited to assist our passengers. We have added slumber coaches to our transcontinental trains. Slumber coaches provide sleeping accommodations for forty persons as compared to only about twenty persons in standard sleeping cars. Coach tickets are accepted for slumber coach travel and room charges are reasonable.

We have also established and maintained rates designed to attract groups of passengers. For example, family plan fares at a level below regular rates for parents and their children under 22 years of age were established. We maintain reduced-rate special coach fares between selected cities of relatively large population where good daytime train service is available, such as Seattle to Portland, Seattle to Yakima Valley points and Spokane to Butte-Helena, Montana. We established and maintain party-coach fares for group travel on bases as low as 1¼th the one-way fares for round trip travel. This is to permit competition with charter rates of buses and airlines.

We have also maintained a substantial advertising and promotion program. Northern Pacific has regularly placed ads in newspapers and magazines to solicit passenger business. We have also used spot radio in many areas on our line to stimulate passenger business for our railroad. Each year we publish thousands of various travel folders relating to points of interest on our line. These are distributed to travel agencies, placed in travel folder racks in hotels and depots, placed on our trains and sent out in mailings from our ticket offices. We also print thousands of flyers each year offering attractive package rates which include rail travel, hotel accommodations, transportation and admissions to major league sports in the Twin Cities area, such as baseball, football and hockey. We also publicize in newspapers and through flyers other special trips, among them, special snowmobile trips in Yellowstone, special holdiay occasions such as Christmas, New Years and other holiday trips to Yellowstone Park. These special flyers are distributed through the mails and through our ticket offices.

In 1966 Northern Pacific spent $1,717,354 for advertising. Of this $813,883 was spent on freight, industrial development and institutional advertising. Expenditures for passenger advertising were $203,471. In 1967 our advertising expenditure was $1,085,328. Of this amount $207,066 was allocated to passenger advertising. Our advertising expenditure in 1968 was $1,231,292 and $246,494 was spent on passenger advertising. Our expenditures for 1969 will closely approximate those of 1968. We are allocating about 20% of our total advertising budget on passenger service, and passenger service accounts for less than 5 percent of our rail revenue.

Notwithstanding these efforts to provide an attractive and economical passenger service our total passenger revenues have consistently declined. In the year 1960 the Northern Pacific system passenger revenue was $6,244,000. In 1968 this revenue was $5,495,000, and in 1969 an estimated $4,900,000. Long-haul passengers carried from the Twin Cities to Spokane, Washington have decreased steadily from a high of 95,296 in 1962, the year of the Seattle World's Fair, to 43,952 in the year 1968. The daily average in 1968 was only 30 passengers per train per day. The Northern Pacific passenger train deficit on an I.C.C. accounting basis was in excess of $16 million for the year 1960 as well as the year 1968 in spite of the discontinuance of 38 passenger trains.

The cause for the decine in the numbers of passengers and in passenger revenues for Northern Pacific passenger train operations is plain. The traveling public simply prefers other modes of travel. Our transcontinental passenger train operations is plain. The traveling public simply prefers other modes of travel. Our transcontinental passenger trains operate on a schedule of approximately 42 hours between the Twin Cities and Seattle. Air travel involves ap-

proximately three hours. The area served by our railroad is spanned with a network of modern highways to allow for shorter trips by automobile or bus. Superhighways have reduced the highway mileage between St. Paul, Minnesota and Seattle, Washington to 1,641 miles. This compares to 1,891 miles on the Northern Pacific main line. The running time of through buses between Minneapolis and Seattle now equals that of our Mainstreeter train and is only five hours longer than the time of our North Coast Limited. Passenger travel on Northern Pacific is predominantly by elderly persons who have not yet accepted air as their primary means of travel or who are retired and have unlimited time at their disposal.

The impact of the substantial passenger train operation deficits on Northern Pacific has been severe.

Northern Pacific, in common with practically all employers, is faced with frequently recurring increases in wages. Wages for almost two-thirds of our employees were increased by two percent on January 1, 1969, and another three percent on July 1, 1969. In the case of almost one-third of our employees, the increases have not yet been agreed upon, but it is reasonable to anticipate that they too will ultimately receive increases of at least two percent retroactive to January 1, 1969, and another three percent retroactive to July 1, 1969. Negotiations will begin this fall on new contracts, effective January 1, 1970, which will undoubtedly provide for further wage increases. The impact of these increases upon Northern Pacific is most severe. The increases affect not only the costs of all of our operations, but also the ability of Northern Pacific to absorb the continuing and increasing passenger deficits.

I have been quite explicit about our recent and impending increases in wages. I believe that it is unnecessary for me to detail our increasing costs for materials and supplies of all kinds, including locomotive fuel, lubricants, replacement rail, repairs, and everything else required to operate a railroad.

In recent years we have been confronted not only with rapidly rising costs of labor and material but also with the necessity of ploughing back into our railroad properties vast sums in order to extend and improve our services. During the five-year period 1964 through 1968, we invested a total of $197.6 million in equipment and roadway and structures, or $93.4 million than the total of our depreciation and retirement charges during this same period. $129.4 million was invested in new equipment which included 71 locomotives and 4,840 cars. The balance of $68.2 million was expended on roadway and structures which included the relaying of 480 miles of mainline track.

This year we have budgeted $2.8 million for locomotives and $13 million for cars, out of a total of $16.5 million for new equipment. In addition, our budget includes $7.8 million for mainline rail and crushed rock ballast. However, due to a shortage of capital funds, it has been necessary to defer $1.6 million of our approved budget for roadway and structures or the relaying of 22.6 miles of our main line.

As of the end of 1968, we had 886 miles of 112-pound mainline rail which was laid during the late '30s and early '40s. Sound maintenance practices require that we replace this rail during the next several years. In addition, 320 miles of our main line does not have crushed rock ballast. This situation must be remedied. During the past five years, due to lack of necessary funds, we found it necessary to postpone the expenditure of $4.5 million for additional freight cars.

We have installed systemwide computers to trace and handle cars with greater efficiency and to more effectively untilize information. On March 1, 1969, at a cost of $8.5 million, we completed installation of our systemwide microwave facility between St. Paul and Seattle. We have committed $2.2 million to improve our facilities at Seattle for the handling of TOPC traffic and $1 million at Seattle to enable us to handle shipments to Alaska via hydro-train. Our new Wahluke Slope Branch from Mesa to Mattawa in the State of Washington, a distance of 55 miles, scheduled for completion in the third quarter of 1970, will cost $6.7 million. The recently completed Missoula retarder yard cost $3.5 million, and modernization of the Pasco retarder yard is costing another $3.5 million. In my opinion, all of these expenditures are essential if Northern Pacific is to maintain its competitive position and adequately serve its shippers.

The rate of return of the railroad industry as a whole is grossly inadequate by any standard. The rate of return for all Class I Railroads in 1967 was only 2.46 percent. In 1968, it was 2.44 percent. The rate of return for railroads in the Western District was 2.75 and 3.00 percent in the same years. For Northern Pacific it was even lower—only 1.71 percent in 1967 and 1.81 percent in 1968. Obviously, this rate of return will not support a continuation of the kind of ex-

penditures which we have made in the past in order to improve the Northern Pacific, nor will it permit us to borrow or to otherwise obtain investment capital.

It should be pointed out that Northern Pacific is not concerned with unprofitable passenger train services alone. All unprofitable operations, such as agency service, custodial service, less-than-carload service and marginal branch line operations have been brought before the various regulatory agencies to discontinue or reduce the losses from these services. In our Operating Department alone we have initiated programs wherein savings of approximately $3.5 million annually have been realized since 1966.

With rising costs for wages and materials, the necessary improvements and replacements, and even with the results of our cost-cutting programs, a very serious depletion of Northern Pacific's working capital has resulted. Working capital has declined from approximately $67.5 million at the beginning of 1967 to approximately $25 million at the end of 1968. Figures as of July 31 for the last six years show a decline in working capital of from $63.47 million in 1964 to the critically low level of $2.99 million as of July 31, 1969.

Northern Pacific must be relieved of these passenger train deficits. A continuation of this burden will impair its viability as a transportation company and reduce its ability to serve its shippers. It would be improper, and competitively we are in no position to pass these losses on to our shippers in the form of higher freight rates. If passenger train service is necessary, then in my opinion there is no alternative except to have the burden of providing such service borne by the general public. Historically, essential public services that cannot be provided except at a loss have always been provided at public not at private expense. If S. 2750 is not enacted into law, then either the Nation's passenger trains will disappear, or the railroad industry will be pushed to the verge of financial disaster and unable to provide essential freight service.

CONCLUSION

Since the end of World War II, Northern Pacific has gone to great lengths to promote and improve its passenger train service. The Company has made substantial expenditures for the latest equipment and has maintained the same to the highest possible standards. We have expended substantial sums for advertising and promotion, both on and off line, in an effort to attract more passengers. In addition, we have increased our speed, reduced our schedules, added stewardesses on our North Coast Limited, adopted various reduced fare plans, added lounge cars, and reduced the price of meals. Despite all of these innovations, improvements and vigorous promotional efforts, passenger revenues have continued to decline. At the same time our operating expenses have arisen at an alarming rate, resulting in an unconscionable financial burden upon the Company. Northern Pacific cannot and should not be required to provide a public service at private expense. If passenger service must be provided by the Northern Pacific, or any other road, then such service should be provided at public expense.

Senator HARTKE. Senator Mansfield has talked about the Mainstreeter which has many quite concerned. You say you have lost about $16,869,000 for 1968, which according to the avoidable loss concept would be about $8,800,000. How many people rode these trains in 1968? Can you tell us that?

Mr. MENK. About 170,000, I believe, for the whole 365-day period. I think this is right. I testified to that.

Senator HARTKE. Do you have any comparison of how many rode the Mainstreeter, compared to the North Coast Limited?

Mr. MENK. Yes; we have those figures. I don't know whether they are readily at hand. More people probably rode the Mainstreeter than the North Coast, because the North Coast is a through train, the Mainstreeter is a local train. I would certainly——

Senator HARTKE. What makes one train more successful than the other?

Mr. MENK. They are both losing money. The North Coast is losing about as much as the Mainstreeter. But I have committed the Northern Pacific to keep that train on for at least 2 years. The North Coast is a

train that is used by vacationers. In the summer months it has probably 60 or 65 percent occupancy; in the winter months it goes down to 20 to 30 percent. It is a good train. We have fine service on our trains. They are clean, we have vistadomes, dining cars, buffet lounge cars for people who want cheaper meals, and so forth.

Senator HARTKE. Thank you.

These hearings will be recessed until 2 o'clock this afternoon.

(Thereupon, at 12 noon, the subcommittee was recessed, to reconvene at 2 p.m. this same date.)

AFTERNOON SESSION

Senator CANNON (presiding). The committee will come to order.

The next witness is Mr. M. M. Christy, president, Western Pacific Railroad.

STATEMENT OF MYRON M. CHRISTY, PRESIDENT, WESTERN PACIFIC RAILROAD

Mr. CHRISTY. My name is Myron M. Christy. I am president and a director of the Western Pacific Railroad Co., 526 Mission Street, San Francisco, Calif.

I appreciate the opportunity to appear before you to discuss the very serious railroad passenger train situation as it applies to my company in its operation of the California Zephyrs. This is a matter which I am intimately familiar, since I have been closely associated with the California Zephyrs in one way or another during my entire career with Western Pacific. In my position as president a search for a way out of our California Zephyr loss dilemma has been an overriding concern, shared as well by my management associates and the company's board of directors. No other segment of our operation is even remotely as crucial to Western Pacific's survival as a financially sound company.

To enable you to view the situation with some historical perspective, I would like to briefly review the history and present status of Western Pacific's passenger service.

We began transcontinental passenger service on our newly constructed route in 1910, 40 years after other transcontinental trains had begun steaming daily between California and Chicago on the Central Pacific-Union Pacific route, commonly known as the overland route. Our route via Western Pacific-Denver and Rio Grande-Chicago Burlington and Quincy was at the time some 400 miles longer than the overland route and still has a distance handicap of about 250 miles.

The transcontinental trains operated on this route over the years until initiation of California Zephyr service were generally undistinguished and had a spotty record both as to service and patronage. Following World War II, the managements of Western Pacific and the connecting D. & R.G.W. and C.B. & Q. initiated planning for a completely new service incorporating ultramodern, lightweight, streamlined diesel powered daily train service between San Francisco and Chicago. It was their conviction that such ultramodern trains which provided excellent food, accommodations and service in every respect, plus equipment and schedules designed for scenic viewing would be

used by the traveling public and could be operated profitably, contrary to the sad experiences on the same route in earlier years. Western Pacific invested over $6 million of its funds in the purchase of new locomotives and cars to support that faith and that conviction. Similar investments were made by the D. & R.G.W. and C.B. & Q. and the fine new vista dome California Zephyrs began service on March 20, 1949.

During the early years of their operation the California Zephyrs were profitable to Western Pacific. Aggressive promotion of the trains and high quality service which they offered attracted excellent patronage and operating costs had not yet shown substantial increases. However, we continuously monitored the profitability of their operations, and as early as the mid-1950s there were indications in our various management reports that their profitability was becoming marginal. In the more recent years it became clear to us that costs had risen to a point where they were exceeding relatively stable revenue levels and that we were losing money on the Zephyrs.

During this entire period we were aggressively promoting use of the trains and constantly seeking ways to reduce costs which would not adversely affect the high standards of service and maintenance for which the trains were noted. Until recent years we were successful in maintaining patronage at a high level, and were moderately successful in our cost reduction efforts, but cost savings achieved fell far short of offsetting gross increases in operating costs.

The fact that we were losing increasingly large amounts of money on these fine trains of which we were so proud and for which we had had such great hopes was an emotionally difficult thing to accept. Our decision to seek discontinuance of the service was made reluctantly only after we were convinced that there was no way within our control to put them on any basis even approaching profitability, and that, on the contrary, every indication pointed to increasing losses.

Thus it was that on August 3, 1966, we found it necessary to file for discontinuance of these trains. The Interstate Commerce Commission suspended our application to do so, and ordered public hearings which resulted in a February 13, 1967, order that the trains be continued for a statutory 1-year period.

In its report and order in that case, the Commission acknowledged that "no carrier . . . has been more diligent than Western Pacific in fulfilling the obligations of a passenger-carrying railroad" and that "operation of the California Zephyr imposes a substantial economic burden on Western Pacific." It went on to say, however, that "we do not believe that a material improvement in Western Pacific's loss experience is hopeless," and that "continued operation of the trains for one more year would not constitute an undue burden on interstate commerce."

The Commission then sugested that there were four possible developments which might reduce or eliminate the loss burden of the California Zephyr. The first of these was an investigation, on the Commission's own motion, of the reasonableness of the divisions of joint passenger fares and charges between the Western Pacific and its connecting lines. After considering the relevant evidence submitted by the three roads, the Commission in September 1967, ordered that the previous order instituting the investigation be vacated and set

aside. This in effect dismissed revised revenue divisions as a possible solution to the Western Pacific's zephyr loss problem.

The second possible development advanced by the Commission was the prospect of the Post Office Department providing sufficient mail business to reduce substantially the losses incurred in Zephyr operations. This suggestion by the Commission was indirectly addressed to the Post Office Department as well as to Western Pacific.

Western Pacific previously had attempted to secure mail on the California Zephyrs, but the Post Office Department declined on the basis, in substance, that no improvement in mail service or cost would result and it would not be appropriate to divert mail traffic from the Southern Pacific and Union Pacific who had been providing excellent service for over 60 years.

Our last attempt to secure mail traffic prior to our first Zephyr discontinuance efforts was in June 1966 when we endeavored to sell the Post Office Department on using the Zephyrs to handle containerized mail, which they declined to do.

It should be understood that our efforts to secure mail have been hampered by the fact that the Zephyr schedules are designed for the enjoyment of passengers, not the handling of mail. While the Zephyr schedules make it possible for passengers to enjoy the beauties of the Feather River Canyon and the Colorado Rockies, its departures and arrivals are incompatible with the flow of the mail, and the schedules are a full day slower in terms of delivery as compared to the schedules via the Union Pacific-Southern Pacific route.

In a good faith attempt to pursue the Commission's suggestion, we again approached the Post Office Department March 6, 1967. On that day I wrote the Postmaster General citing my earlier testimony and the Commission's report, and asked if any action was contemplated in regard to arrangements for handling mail on the California Zephyrs.

On March 23, 1967, I received a reply from the Assistant Postmaster General which enclosed a copy of a letter he had written to Chairman Tucker of the Interstate Commerce Commission. In essence that letter reiterated their previous position; namely, that use of the Zephyrs would result in a lesser quality of mail service as compared to the present routings, and cited the fact that the Zephyr schedules were not compatible with the mail schedules.

Despite this, we followed the matter up in a series of conferences with our connecting lines and the Post Office Department but were unable to work the matter out. Thus, the California Zephyrs on Western Pacific continue to operate without benefit of mail business.

The third possible development suggested by the Commission clearly invited the attention of the various public agencies and officials who had opposed the discontinuance of the Zephyrs to the financially distressed position of that service. The Commission stated:

> * * * in view of the intense interest manifested by public agencies and officials in the outcome of this proceeding, public authorities should be accorded a year in which to implement any programs of assistance which may be adopted to preserve the distinctive service of the California Zephyr. Although the possibility of substantial public assistance now seems remote, a realization that the service will soon be discontinued, baring some material change of circumstances, may result in the formulation of some constructive program.

Although this suggestion was directed to public authorities we again took the initiative in a good faith attempt to assist in implementing the Commission's views. I personally wrote letters to 26 public officials at the Federal, State, county, and city level who had participated in the hearings in opposition to the Zephyr discontinuance. These letters expressed Western Pacific's willingness and readiness to cooperate with public authorities in the development of any constructive public programs which held promise of helping to solve the Zephyr loss problem.

Of the 26 public officials addressed by letter, only seven bothered to reply. The remaining 19 officials did not even acknowledge my letter. Of the seven that did reply, none offered concrete suggestions for plans of public assistance which might help alleviate the Zephyr loss problem. As a matter of fact, no such proposals have been put forth up to the present time.

The fourth and last suggestion offered by the Commission was that Western Pacific should exhaust all possibilities of "self-help," citing in particular, negotiations between management and labor in regard to more efficient use of Zephyr personnel. We had previously explored possibilities of this type and moved promptly to initiate further such negotiations with the appropriate labor organizations, seeking to obtain agreement on procedures for accomplishing better personnel utilization. These negotiations were unsuccessful.

With no help forthcoming from any of these quarters, rapidly mounting losses necessitated our again filing discontinuance notices in February 1968, following expiration of the 1-year period during which we were required to continue operation. Somewhat to our surprise, the Commission again suspended our application, and to our complete consternation and frustration again ordered the trains continued another year after having held further public hearings. This decision was unbelievable to those of us at WP. This time, the very same Commission concluded that "with serious effort, the WP could eliminate much, if not all, of the losses on the Zephyr, but that the carrier has not tried to do this"! They "found" that WP had inadequately promoted the trains; has not experimented sufficiently with fare increases; and had neglected to pursue all available means of expense reduction. We believe these findings were not supported by the record. Nevertheless, we again vigorously pursued the Commission's suggestions. Fares were increased—causing patronage and revenue declines so that the increases were subsequently cut back. The trains were heavily promoted. Our advertising was an award-winning effort. On the other hand, a travel agency sales promotion contest which we sponsored yielded dismally disappointing participation and negligible additional patronage. The net effect of these efforts was that traffic and revenues continued to fall—at an increasing rate.

Further contacts with State and Federal agencies in the hope of developing some type of meaningful assistance has gotten us only sympathy. The fact is that no public programs of support exist in any form at any level of government at this time.

With our losses now running at an annual rate of over $2,500,000, there was clearly no alternative to again seeking relief. We filed discontinuance notices for the third time last July. Having learned by now that the California Zephyrs have become a celebrated cause, we

anticipated another suspension and further hearings. This is precisely what occurred and on October 6 in San Francisco we begin the third round of this inquisition.

The forced continuance of these trains has now precipitated a financial crisis for WP. The issue to us is no longer whether these trains constitute an undue burden on Western Pacific or whether they impair our ability to provide other necessary services to the public. Rather, the issue has become one of how long WP can continue to exist as a solvent company if saddled with this albatross. The persistent deterioration of our position from the merely serious to the acutely critical could have been foreseen, and is precisely what we predicted.

Our out-of-pocket net deficits on an avoidable cost basis have ballooned to staggering amounts in terms of both total dollars and in relation to WP's overall size and earning power. The figures below vividly portray these trends since 1966:

[Dollar amounts in thousands]

	1966	1967	1968	12 months ended July 1969	First 7 months 1969
Zephyr revenues	$3,045	$2,614	$2,290	$2,114	$1,159
Out-of-pocket loss	$545	$1,481	$1,674	$2,555	$1,656
Loss as percent of revenues	18	57	73	121	143
Net railway operating income BFIT	$10,685	$2,634	$7,427	$3,661	$438
Percent NROI was reduced due to passenger train loss	4.9	36.0	18.4	41.1	79.1

Through the first 7 months of this year, we have lost $1.43 for every $1.00 of passenger revenue received. Narrowing profit margins on freight traffic—largely inflation caused—can't possibly absorb losses of this magnitude. And there is no reason, under any circumstances, why they should be expected to.

I feel I should point out that the costs and losses claimed by WP are actual and not so-called "bookkeeping losses." They have in all important respects been accepted by the Commission and other regulatory agencies. There is no argument about these. These are the costs which can be documented. Many indirect costs are not included. For example, the dilution of management's efforts in other vital business matters caused by the preoccupation with this one has been significant, even if not measurable.

Faced with this extreme drain on our earnings, it became obvious by late 1968 that our net from operations was no longer adequate to generate the funds needed to sustain reinvestment in our property to provide the car equipment needed by our shippers and the modernization of facilities essential to both offset cost inflation and provide improved customer service. Vital portions of our budgets necessarily are being cut back. We will be unable to go ahead with longer range reinvestment plans necessary for our competitive survival by insuring an adequate car supply and good service to our industrial customers if we do not get relief from our zephyr losses. This comes at a time when cost inflation is the highest in history and the railroad industry is being criticized for freight car shortages and service deficiencies. Our customers are letting us know most vigorously about both of the latter.

Current budget cutbacks which conserve funds in the shortrun mean

greater costs in the longrun, but if we are required to continue operation of the Zephyrs, there well may be no longrun for Western Pacific.

The financial curse of the Zephyrs is real, not imagined. Western Pacific has done all it possibly can to solve the problem. We have sought and applied every cost cutting action we could conceive. All of the palliatives suggested by the Commission and others have been assiduously investigated and implemented. We have maintained high standards of service in an effort to maintain and improve patronage. We continue to promote the patronage. The Zephyrs are not downgraded dirty trains. They are now old, but they are clean and courteously operated with full sleeper, dining car, buffet, beverage, and observation car services, including vista domes, of which there are five regularly on the train. We also have repeatedly studied alternate methods of operation such as summer service only, tri-weekly or alternate day service, and joint operations with the Southern Pacific. Ignoring for the moment the many labor and other practical difficulties involved, these possibilities would admittedly reduce our losses below those now being incurred. But not materially. Within approximately 2 years we would be back in about the same loss position we now find ourselves with equipment that is 2 years older. This is obviously no permanent solution. To WP it is not even an acceptable stopgap solution. Nor would it result in preservation of the distinctive California Zephyr service which is the genesis of most arguments made for its continuation.

The crux of the long distance passenger train problem is declining patronage in the face of sharply increased costs. The cost increase is the more imortant of the two. If the Zephyrs could be operated with capacity loads the year around, which is unrealistic, they would still lose heavily. In testimony before the ICC last year we showed that such loss would be approximately $600,000 based on 1967 cost levels. At current costs it would be substantially greater.

The hourly cost of railroad labor has more than doubled since 1950, the first full year of Zephyr operation. Fringe benefit costs have grown even faster. In 1950, monthly fringe benefits costs were $20 per employee; currently the cost is $106 per month, a more than five-fold increase. In the same period, material prices climbed about 50 percent. Both wages and material prices continue to rise at sharply increased rates. Our ability to absorb or offset these increases has been very limited because essentially the same labor input and equipment is involved as in 1950.

In contrast, our average revenue per passenger mile of 2.45 cents in 1968 was only 23 percent above the 1950 level. And even this reflects fare increases made in late 1968 following suggestions of various regulatory agencies—increases which since have been cut back to curtail resulting patronage declines. Well intentioned regulators seem to forget that trains do compete with the private automobile and bus and air travel. Few passengers today will pay a premium rate for the nostalgic experience of a long distance train ride when they can buy equal or more convenience or much faster transportation for the same or less money. This is the root cause of the long-distance passenger train patronage problem—not service. Despite maintenance of high service standards, Zephyr patronage has declined sharply in the last 3½ years:

Year	Passengers	Percent decline
1966	137,000	
1967	119,000	13
1968	106,000	11
6 months 1968	52,000	
6 months 1969	36,000	3

Another important factor in the long distance passenger train problem is that most equipment now operating is reaching or has passed its reasonable service life. This is particularly true with the California Zephyrs. The equipment in which we invested $6 million is now more than 20 years old and has operated well over 6 million miles. It is no longer reliable. Electrical, air conditioning, heating, and other failures are causing operating delays and passenger inconvenience. Ride quality is deteriorating. Maintenance costs are increasing and approaching a prohibitive level. This is adversely affecting our ability to maintain the high service standards for which the Zephyrs have always been noted. But we have neither the ability or the intention of replacing the equipment for the privilege of losing millions more. Replacements costs for Western Pacific alone would exceed $10 million and roughly three times that amount for the full complement of equipment used by the three connecting lines in the Zephyrs' California-Chicago service.

I submit that this history of our experience with the California Zephyrs and the financial crisis which the forcing of their continued operation has created for Western Pacific is eloquent testimony in support of Senate bill S. 2750. We believe that we are entitled to immediate relief from our zephyr loss dilemma in order to avoid complete destruction of our financial ability to serve the public well and of our very existence as a solvent railroad. Indeed, in the interests of equity and the overall public interest we cannot conceive of a Commission decision in the third round proceedings now in progress before them which will not permit discontinuance of the California Zephyrs on Western Pacific. However, if inconceivably that result does not come about, speedy passage of S. 2750 would offer alternate relief as it would to other railroads laboring under the burden of losing train operations which have been or might be ordered by the Commission to be continued in the public interest.

In the interests of time and the avoidance of cumulative testimony, I will not try fully to express my views concerning the other proposed legislation before you. I would like to state, however, that increasing the suspension period during which operation of a passenger train could be required, suspension of discontinuances of all passenger trains, studies of overall surface transportation needs or similar matters will not solve the current passenger train loss problem and in particular our Zephyr loss dilemma. The Zephyr problem is about to be studied by the Commission for the third time and the period during which its discontinuance has been suspended already has been 3 years and 4 months. If suspended again it would be 4 years and 4 months.

Mr. Goodfellow has already pointed out in testimony before your committee that S. 2750 is in no way inconsistent with additional studies of the passenger train problem and that it does exactly what needs to be done while long range solutions are being sought. I agree with his views and urge that this committee favorably report S. 2750.

In summary, in 1966 when we first sought relief from the Interstate Commerce Commission our California Zephyr losses were $545,000 and our system net income was $8,710,000. During the subsequent period of our enforced continuance of the Zephyrs, inflationary wage rate and material price increases have eroded our freight traffic margins and such figures have become:

	CZ losses	WP system net income
1967	$1,481,000	$4,876,000
1968	1,674,000	6,102,000
6 months, 1969	1,508,000	632,000

These figures, I believe, eloquently demonstrate that any further suspension of discontinuance of the California Zephyrs will not solve our problem. Unless the Commission this time permits the discontinuance of these trains, the relief provided by S. 2750 is essential if Western Pacific is to continue as a viable railroad.

Senator CANNON. Mr. Christy, how do you account for such a jump in the Zephyr losses from the 1966 figure to 1967? It was almost three times.

Mr. CHRISTY. The primary reason for the jump, there were two: No. 1, we had a decline in patronage of 13 percent, at the same time we had an increase in costs of approximately 6 percent.

Senator HARTKE. You wouldn't think those two factors would make a difference of 300-percent increase in loss.

Mr. CHRISTY. They did, sir. Because when your revenues fall and your expenses go up, the increase is disproportionate. If you notice the revenues dropped over $400,000 and our expenses went up roughly $900,000.

Senator CANNON. When was it you put your fare increase into effect?

Mr. CHRISTY. We have experimented with fare increases over the years, contrary to what the Commission said. We put the fare increases in after the last hearing the first of the year, 1969. There was—no, excuse me.

Senator CANNON. You put the fare increase into effect and then you later cut it back.

Mr. CHRISTY. Yes; we put two things into effect that the Commission suggested: We put a special California Zephyr charge into effect, which went into effect late in 1968, I can't recall the exact date. Then we increased fares 10 percent early in 1969. We later cut those back, we cut the fare increases back by one-half, from 10 percent to 5 percent. We cut the California Zephyr charge back 25 percent on first class and 50 percent on coach. We did that in May of this year.

Senator CANNON. Was that because of passenger resistance?

Mr. CHRISTY. Yes, sir; because our patronage was dropping off faster—in other words, the patronage was dropping off steeply and our revenues were dropping off from where they had been despite the revenue increase. On a regression line analysis the indications were the increases were causing patronage declines. The demand for passenger travel is elastic. It is not inelastic.

Senator CANNON. You point out that one of the factors is the competitiveness of the travel price.

Mr. CHRISTY. Yes, sir.

Senator CANNON. I am wondering now in view of the fact that the airlines have secured one rate increase and are proceeding on the second one now, is this apt to drive more people back from the airlines? Is it that close a margin? The price factor?

Mr. CHRISTY. The price factor is only one of the factors, sir. I do not anticipate that the rate increase put in by the airlines will have any effect in reversing the trend of the patronage of the Zephyr. But all of this overlooks the fact it doesn't make much difference whether the Zephyrs were full year around or not. If they were, we would still lose very heavily, close to $1 million according to the latest figures.

Senator CANNON. That was a shocking figure. You say if you run at full capacity, you would still have a loss on the Zephyr?

Mr. CHRISTY. Yes, that is what the passenger problem is all about.

Mr. CANNON. Aren't there modernization features or economizing features that could be taken to get away from that sort of situation?

Mr. CHRISTY. Yes, sir; we could destroy the high service standards of the Zephyr and save money and drive passengers off. This is the dilemma. If you try to cut costs on a passenger train, you are criticized for downgrading service. If you keep the service up, the costs remain up, but the patronage does not. The patronage is dropping off, but even if it were full, it still wouldn't do it. It is very simple: Rates up 20 percent or 25 percent, I don't care, make it 30 or 35 percent, in comparison with costs that have gone up more than double in the same period of time. The technology is the same. If you try—passenger carrying railroads have approached the loss problem two ways. We choose to keep the service high, with the thought that if we did our patronage would remain high and we would be in a good position. That is what we have done. Other railroads have chosen to do it by the cost-cutting method, trying to cut costs to match patronage. When they have done so, they have inevitably been criticized for downgrading the service. Stated the other way around, if they would only keep the service up they would have patronage and be on easy street. You are not on easy street then, you are still losing money.

Senator CANNON. Thank you very much, Mr. Christy.

Charles Webb, President, National Association of Motor Bus Owners.

STATEMENT OF CHARLES WEBB, PRESIDENT, NATIONAL ASSOCIATION OF MOTOR BUS OWNERS, WASHINGTON, D.C.

Mr. WEBB. Mr. Chairman, and members of the subcommittee: I am Charles A. Webb, I am the president of the National Association of Motor Bus Owners, often referred to as NAMBO. NAMBO is the national trade association for the intercity motor bus industry. Its members include Greyhound Lines, all companies affiliated with the National Trailways Bus System, and more than 400 carriers not affiliated with either system. Collectively, these carriers provide over 90 percent of the intercity motor bus transportation in the United States.

In the main, the pending bills relate to intercity rail passenger service as distinguished from commuter or suburban service. They should be considered in the context of intercity travel trends and transportation resources and facilities.

About 90 percent of all intercity travel is by private automobile and the remainder by air, rail, and motor common carriers. During the past 10 years, as shown in appendix A to my statement, intercity passenger miles by air increased from 29.8 to 92.1 billion; intercity rail passenger miles declined from 17.5 to 8.7 billion; and intercity bus passenger miles showed a modest increase from 15 billion in 1959 to 19.6 billion in 1968. More than twice as many intercity passengers were transported by bus than by rail.

I think these figures are important, Mr. Chairman, because they suggest that any program of massive Federal assistance might not be effective to preserve intercity rail passenger service, but could cause irreparable injury to an industry that transports twice the number of passengers. Unlike the railroads, we have no source of revenue with which to absorb passenger losses. Now, during the past 10 years the speed and quality of air travel have markedly improved; improvements have been made in buses and bus passenger terminals; but much of the remaining intercity rail passenger service, under the pressure of economic necessity, has deteriorated in quality. Air, rail, and motor carriers compete in the passenger market but rail passenger operations are highly unprofitable for that industry. Despite the growing popularity of air transportation, the only public transportation available in some 20,000 communities is that provided by the bus industry. No legislation to subsidize or to promote rail passenger service should be enacted without carefully weighing the impact of such action on bus transportation.

S. 2570

S. 2750 would provide for Federal reimbursement of deficits incurred in the operation of interstate passenger train service required under a section 13a(1) order of the Interstate Commerce Commission. Since reimbursement would be provided, section 13a(1) of the act would be further amended to eliminate undue burden on interstate commerce as a factor to be considered in passenger train discontinuance cases.

NAMBO recognizes that reimbursement of passenger train service losses by the Federal Government would be equitable. No private transportation enterprise should be required by law to render a public service over a long period of time and at a substantial loss without receiving just compensation. But bus operators have also been compelled to provide unprofitable passenger service. To date, however, the orders of State regulatory bodies have not been so onerous as to impel the bus industry to seek legislative relief comparable to that provided for rail carriers in section 13*a* of the Interstate Commerce Act. If it is in the public interest to continue the operations of passenger trains which result in huge deficits, the subsidies provided by S. 2750 would be eminently just.

It is difficult to make even a rough estimate of the cost of the proposed legislation. On July 16, 1969, the Interstate Commerce Commission transmitted to this commitee a report on "investigation of costs of intercity rail passenger service." After a thorough study of eight rail passenger systems (Santa Fe, C. & O.–B. & O., Great Northern, Illinois Central, Missouri Pacific, Seaboard Coast Line, Southern, and Union Pacific) which account for about 43 percent of all revenue pas-

senger miles (other than commutation), the Commission found, on the basis of 1968 operations, that the carriers involved could have realized savings of $118 million in 1968 if they had performed no passenger train service. For all class I railroads in 1968 the solely related railway passenger deficit for both interstate and intrastate operations amounted to $198 million. The 1967 deficit, computed on the basis of fully allocated costs, amounted to $485 million. S. 2750 provides for reimbursement, not merely on the basis of avoidable or solely related costs, but with "an appropriate allocation of common expenses and overheads."

It is impossible to determine how many trains would be discontinued following the enactment of S. 2750. Obviously, the railroads would have little economic incentive to prove that the continued operation of a particular train was not required by public convenience and necessity. They would have little or no incentive to reduce costs or to adjust fares in response to rising expenses. Also, it is hardly conceivable that the Federal Government would spend millions of dollars to subsidize rail passenger service without requiring the quality of such service to be upgraded. In fact, section 4 of the bill assumes that the Interstate Commerce Commission either has or will be granted authority to impose standards of service, including standards requiring the acquisition of passenger train equipment.

In the light of these cost factors, our best guess is that the Federal subsidy payments under the proposed legislation would be at least $200 million a year. No payments would be made to underwrite losses incurred in the operation of intrastate commuter and suburban trains, even though such trains carry large numbers of passengers and many of them are highly essential. Losses incurred in the operation of interstate passenger trains in densely populated corridors represent only a small part of the total railway passenger service deficit.

The basic question posed by S. 2750 is whether $200 million, more or less, should be paid for the continued operation of trains which, on a daily average, provide service for one, two, or three busloads of people. For the eight major intercity rail passenger systems recently studied by the Commission, the number of passengers per train mile [1] and avoidable expenses per dollar of passenger revenue for the year 1968 were as follows:

Carrier	Passengers per train mile	Avoidable expenses per dollar of revenue
Southern	52	$2.42
C. & O.–B. & O.	47	1.82
Missouri Pacific	60	1.82
Great Northern	87	1.83
Union Pacific	89	2.08
Seaboard Coast Line	97	1.68
Santa Fe	114	1.80
Illinois Central	160	1.45

Attached as appendix B to my statement is a table summarizing the Commission's reports in most of the cases arising under section 13*a*(1) of the act. The only cases that we omitted, about 20 in number,

[1] Figures for passengers per train mile were derived from app. A of the Commission's July 16, 1969, report on "investigation of costs of intercity rail passenger service" by dividing the number of passenger train miles (line 4) into revenue passenger miles other than commutation and multiple ride.

Figures for avoidable expenses per dollar of passenger revenue are set forth on p. 92 of the Commission's report (line 3).

were those that involved applications for the discontinuance of a large number of trains and which could not be conveniently summarized in the table. But as you will note from appendix B, most of the trains involved in those proceedings were transporting the equivalent of only one or two busloads and the losses sustained by rail carriers, even in the absence of "an appropriate allocation of common expenses and overheads," were substantial.

A conventional intercity bus seats from 43 to 46 passengers. Revenues of most intercity bus operators exceed all the costs involved in providing service, although their average load factor is less than 50 percent. Bus operators are willing and able to handle any additional traffic generated by the discontinuance of rail passenger train service and can do so at a profit. Although present rail passengers may prefer train service, but transportation in most instances would be a reasonably adequate substitute.

I think the case recently decided by the Commission, involving the N. & W.'s cannonball, which is reported at 344 ICC 506, is probably fairly typical of most of the remaining intercity passenger trains. The Commission report shows that the average daily number of riders of the cannonball, the trains operating between Detroit and St. Louis, was only 80. The cost of rail transportation was $3.50 per train mile. The cost of bus transportation as found in that case was only $0.65 per bus mile. The per passenger mile cost was $0.93 for rail, only $0.29 for bus. Now under the circumstances to pay the Southern Railroad, for example, more than $1.42 for each dollar of revenue received by the Southern from passengers who, at almost any given time, could not fill two buses, is certainly not a sensible allocation of transportation resources.

To relieve the railroads of their intolerable interstate passenger service deficit, we suggest that the fifth sentence of section 13*a*(1) be amended to read as follows:

> If, after hearing in such investigation, whether concluded before or after such discontinuance or change has become effective, the Commission finds that the operation or service of such train or ferry is required by public convenience and necessity and will not unduly burden interstate or foreign commerce, *and if the Commission finds that revenues from such operation or service have exceeded the net avoidable expense of such operation or service for any two consecutive years subsequent to January 1, 1970,* the Commission may by order require the continuance or restoration of operation or service of such train or ferry, in whole or in part, for a period not to exceed one year from the date of such order. [New language in italics.]

A deferred effective date for the new criterion would provide ample time for a comprehensive study of intercity rail passenger service to determine what part of it is essential and should be preserved, what portion might be made economically viable, the cost of preserving and improving a minimal network of rail passenger service, and what form of Federal assistance is most likely to preserve incentives for prudent and efficient management.

With your permission, I will not read the remainder of my statement which comments briefly on other bills which are before the committee, but merely summarize them. They fall generally into two classes. First, there are the bills to amend section 13*a* of the act. We would have no objection to giving the commission a few moments more time to decide its cases. We question the advisability of author-

izing the Commission to impose standards of service. We see no reason why last trains should be treated differently than any other trains. We do not believe that the railroads should be burdened by making the discontinuance procedure much more restrictive than it is under the present law.

If these bills were enacted there would be no serious adverse effect on the bus industry, but we simply do not think it is fair that the railroads should suffer any further burden caused by the performance of deficit rail passenger service. In the discussion of the bills before you, I think one point may have been overlooked.

In my opinion section 13*a* was one of the most enlightened pieces of transportation legislation enacted by the Congress. If it had not been enacted, I am quite confident that we would at this time be faced with a monumental transportation crisis. And I think the Commission's interpretation has been enlightened.

The statutory standards for discontinuance are not entirely clear. The Commission has not followed a strictly economic test for discontinuance because I think it has sensed that the Congress did not want the trains to be discontinued precipitously.

The next group of bills propose various studies of the rail passenger service problem. The intercity bus industry has no objection to these bills, but we would hope that if they do not contemplate a study of the capabilities of the bus industry that they be amended accordingly.

We would not favor any moratorium on discontinuance of passenger train service while these studies are being made.

We do not think that any great amount of time would be required to complete the studies which are necessary.

The whole subject has been studied thoroughly. The Commission has studied the problem, the investigation authorized by this committee and which culminated in the Doyle report was a thorough study. About the only thing which really needs to be studied is whether there are densely populated corridors other than the northeast corridor where passenger train service for distances of 200 to 300 miles might have some economic future. That matter might well be studied and the intercity bus industry and our association would be happy to participate in any such studies that might be undertaken.

That concludes my oral statement, Mr. Chairman, and I would like to include my prepared statement in the record. I appreciate the opportunity to present the views of the intercity bus industry and I would be happy to answer any questions.

(The statement and appendixes follow.)

STATEMENT OF CHARLES WEBB, PRESIDENT, NATIONAL ASSOCIATION OF MOTOR BUS OWNERS

S. 2887

This bill, recommended by the Interstate Commerce Commission, would authorize a study by the Secretary of Transportation of the existing and future potential of intercity railroad passenger service. Guidelines for the proposed study are broad enough to permit consideration of the capabilities of the intercity bus system in meeting the nation's surface transportation needs.

NAMBO has no objection to the extension of deadlines proposed in S. 2887. However, we do not favor provisions of the bill relating to the discontinuance of the last remaining trains.

S. Con. Res. 32

This resolution, introduced by Senator Allott and co-sponsored by 30 other Senators, urges the Secretary of Transportation to investigate the potential of rail passenger transportation. NAMBO would not object to the resolution if it is understood that intercity bus service and technology would also be studied and that the relative advantages of rail and bus passenger transportation would be compared.

S.J. RES. 120

This joint resolution introduced by Senator Moss would direct the Secretary of Transportation, in cooperation with the Interstate Commerce Commission, to submit to the Senate and House Commerce Committees a master ground transportation plan for the United States. No meaningful plan could be submitted in one year, or even five years, unless it were limited to passenger transportation. Even if the scope of the resolution were narrowed, we would not favor a moratorium on rail unifications under section 5 of the Act or on passenger train discontinuances under section 13a.

S.J. RES. 129

S.J. Res. 129, introduced by Senator Hatfield, would establish an advisory commission to make recommendations with respect to the operation of railroad passenger service by the Federal Government. NAMBO would oppose nationalization of railroad passenger service because, in all probability, it would result in governmental operation of intercity bus service as well.

CONCLUSION

In conclusion, Mr. Chairman, we urge the subcommittee to amend section 13a(1) of the Act so that the railroad industry can eliminate promptly the huge deficits incurred in intercity rail passenger service.

That service is now subsidized indirectly by the shipping public and to the disadvantage of the railroads in competing for freight traffic. In lieu of shifting the cost of subsidies to the Federal government, we urge the adoption of a purely economic test for passenger train discontinuances, with the new criterion to become effective after the completion of studies to determine what portion of the remaining service is truly essential and what steps should be taken to preserve and improve it.

Appendix A

Passenger Miles and Passengers
Domestic Intercity Travel in United States

(Including Charter Service for Bus and Air but Excluding Rail Commutation Travel and Local and Suburban Bus Travel)

	Passenger Miles			Passengers		
	Bus	Rail	Air	Bus	Rail	Air
	Billions	Billions	Billions	Millions	Millions	Millions
1959	15.0	17.5	29.8	202	130	51
1960	15.0	17.1	31.1	197	123	53
1961	15.7	16.2	31.6	198	118	53
1962	17.2	15.9	34.3	195	117	57
1963	17.6	14.4	39.0	197	115	64
1964	18.7	14.0	45.1	205	115	74
1965	18.8	13.3	53.2	208	106	85
1966	19.9	12.9	63.1	221	105	99
1967	20.0	10.9	79.5	223	98	120
1968	19.6[p]	8.7	92.1	218[p]	92	136

p - Preliminary figures.

Note: Total passenger miles and passengers for Class I bus companies are based on reports to the Interstate Commerce Commission with estimates by NAMBO to fill certain gaps.

APPENDIX B - Part I
Railroad Passenger Train Discontinuance Cases Arising Under Section 13a(1) of the Interstate Commerce Act
Reported -- Interstate Commerce Commission Reports -- Volumes 328 and Earlier

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Southern Pacific Co. - Trains Nos. 39 and 40 - F. D. No. 23272	Phoenix, Ariz. - Los Angeles, Calif.	328-ICC-14(1965)	13	$625	No
New York Central Railroad Co. - Trains Nos. 404 and 405 - F. D. No. 23572	Albany, N. Y. - Boston, Mass.	328-ICC-89(1966)	Not shown	None	No
Boston and Maine Corp. - Trains Nos. 75, 21, 20, and 76 - F. D. No. 24000	Springfield, Mass. - White River Jct., Vt.	328-ICC-224(1966)	65	185,311	Yes
Missouri Pacific Railroad Co. and Illinois Central Railroad Co. - Trains Nos. 50, 51, 37, and 34 - F. D. No. 23278	Houston, Tex. - New Orleans, La.	328-ICC-631(1965)	63	255,947	Yes
Chicago, Rock Island and Pacific Co. - Trains Nos. 39 and 40 F. D. No. 24337	Kansas City, Mo. - Tucumcari, N. Mex.	328-ICC-648(1967)	27	276,262	Yes
Chicago Great Western Railway Co. - Trains Nos. 13 and 14 - F. D. No. 23581	Omaha, Neb. - Minneapolis, Minn.	328-ICC-664(1965)	15	147,093	Yes
Illinois Central Railroad Co. - Trains Nos. 8, 15 and 16, 4, and 25 - F. D. No. 24348	Carbondale, Ill. - Memphis, Tenn.; New Orleans, La. - Memphis, Tenn.; Carbondale, Ill. - New Orleans, La.	328-ICC-763(1967)	63	1,300,000	Yes
Missouri-Kansas Railroad Co. - Trains Nos. 1, 2, 5, and 6 F. D. No. 23657	Dallas, Tex. - Kansas City, Mo.	328-ICC-784(1965)	28	1,000,000	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Chicago, Rock Island and Pacific Railroad Co. and Chicago, Burlington and Quincy Railroad Co. - Trains Nos. 19, 190, 8 and 15, 201 and 20 - F. D. No. 24370	Minneapolis, Minn. - St. Louis, Mo.	328-ICC-796(1967)	49	$209,545	Yes
Missouri Pacific Railroad Co. - Trains Nos. 11 and 12 - F. D. No. 23853	St. Louis, Mo. - Pueblo, Colo.	328-ICC-809(1966)	52	154,617	Yes
Chicago, Rock Island & Pacific Railroad Co. - Trains Nos. 39 and 40 - F. D. No. 23625	Kansas City, Mo. - Tucumcari, N. Mex.	328-ICC-894(1965)	24	None	No
Louisville & Nashville Railroad Co. - Trains Nos. 102 and 103 - F. D. No. 23684	Memphis, Tenn. - Bowling Green, Ky.	328-ICC-908(1965)	38	34,004	Yes
Pennsylvania Railroad Co. - Trains Nos. 30 and 31 - F. D. No. 23313	New York, N. Y. - St. Louis, Mo.	328-ICC-921(1965)	114	None	No
Southern Pacific Co. - Trains Nos. 19 and 20 - F. D. No. 23383	Portland, Ore. - Oakland, Calif.	328-ICC-947(1965)	16	773,900	Yes
Soo Line Co. - Trains Nos. 3, 4, 5, and 6 - F. D. No. 23142	Chicago, Ill. - Superior, Wis.; Chicago, Ill. - St. Paul, Minn.	327-ICC-50(1965)	14	500,000	Yes
Baltimore & Ohio Railroad Co. - Trains Nos. 23 and 30 - F. D. No. 22959	Cumberland, Md. - Cincinnati, Ohio	324-ICC-648(1964)	20	271,524	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Chicago, Rock Island and Pacific Railroad Co. - Trains Nos. 23 and 24 - F. D. No. 23015	Memphis, Tenn. - Amarillo, Tex.	324-ICC-729(1964)	26	$48,216	Yes
Erie-Lackawanna Railroad Co. - Trains Nos. 25, 26, 40, 41 and 43 - F. D. No. 22551 (incorporating F. D. No. 22552)	Elmira, N. Y. - Hoboken, N. J.; Denville, N. J. - Scranton, Pa.; Scranton, Pa. - Elmira, N. Y.	324-ICC-795(1963)	15	272,252	Yes with exceptions
Missouri Pacific Railroad Co. - Trains Nos. 16 and 17 - F. D. No. 22341	Kansas City, Mo. - Omaha, Neb.	320-ICC-1(1963)	79	179,000	No
Chicago & North Western Railway Co. - Trains Nos. 16 and 17 - F. D. No. 22425	Chicago, Ill. - Minneapolis, Minn.; Chicago, Ill. - Mankato, Minn.	320-ICC-85(1963)	86	1,158,790	Yes
Southern Pacific Co. - Trains Nos. 5 and 6 - F. D. No. 22567	New Orleans, La. - Houston, Tex.	320-ICC-302(1963)	18	54,609	Yes
Soo Line Railroad Co. - Trains Nos. 13 and 14 - F. D. No. 22511	St. Paul, Minn. - Portal, N. Dak.	320-ICC-337(1963)	11	103,366	Yes
New York Central Railroad Co. - Trains Nos. 404 and 405 - F. D. No. 22728	Albany, N. Y. - Boston, Mass.	320-ICC-364(1963)	41	None	No
Missouri Pacific Railroad Co. - Trains Nos. 31 and 32 - F. D. No. 22722	Alexandria, La. - Lake Charles, La.	320-ICC-383(1964)	14	99,054	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
New York, New Haven & Hartford Railroad Co. Trustees - Trains Nos. 570, 572, 573, and 580 - F. D. No. 22781	New London, Conn. - Worcester, Mass.	320-ICC-466(1964)	23	None	No
New York Central Railroad Co. - Trains Nos. 241, 232 and 210 - F. D. No. 22828	Elkhart, Ind. - Chicago, Ill.	320-ICC-526(1964)	167	$71,340	Yes
Chicago, Milwaukee, St. Paul & Pacific Railroad Co. - Trains Nos. 15 and 16 - F. D. No. 22758	Aberdeen, S. Dak. - Deer Lodge, Mont.	320-ICC-566(1964)	39.4	908,999	Yes
Chicago and North Western Railway Co. - Trains Nos. 215 and 212, 215 and 123, 124 and 212, 211 - F. D. No. 22939	Chicago, Ill. - Ashland, Wis.; Chicago, Ill. - Land O'Lakes; Chicago, Ill. - Green Bay, Wis.	320-ICC-648(1964)	25	475,945	Yes
Louisville and Nashville Railroad Co. - Trains Nos. 9 and 12 - F. D. No. 22880	Christian, Miss. - New Orleans, La.	320-ICC-669(1964)	43	37,561	Yes
Southern Pacific Co. - Trains Nos. 9 and 10 - F. D. No. 22905	San Francisco, and Oakland, Calif. - Portland, Ore.	320-ICC-740(1964)	137	262,112	Yes except season operations
Chicago and North Western Railway Co. - Trains Nos. 400, 401, 518, and 519 - F. D. No. 21814	Chicago, Ill. - Minneapolis, Minn.; Chicago, Ill. - Mankato, Minn.	317-ICC-21(1962)	114	Less than 1,137,718	No

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Chicago Great Western Railway Co. - Trains Nos. 5 and 6 - F. D. No. 21844	Kansas City, Mo. - Minneapolis, Minn.	317-ICC-99(1962)	12	$100,000	Yes
Louisiana and Arkansas Railway Co. - Trains Nos. 3 and 4 - F. D. No. 21733	Hope, Ark. - Shreveport, La.	317-ICC-155(1962)	16	69,000	Yes
Boston & Maine Railroad - Trains Nos. 79, 77, 71, 70, 74 - F. D. No. 21786	Springfield, Mass. - Brattleboro, Vt. or Windsor, Vt.	317-ICC-165(1962)	22	70,000	Yes
Baltimore & Ohio Railroad Co. - Trains Nos. 17 and 18 - F. D. No. 21958	Washington, D.C. - Cleveland, Ohio	317-ICC-371(1962) 317-ICC-509(1962)	30	124,846	Yes
Southern Pacific Co. - Trains Nos. 27 and 28 - F. D. No. 21946	Ogden, Utah - Oakland, Calif.	317-ICC-519(1962)	98	953,000	Yes except seasonal operations
Chicago, Rock Island and Pacific Railroad Co. - Trains Nos. 27 and 28 - F. D. No. 22126	Wichita, Kan. - Fort Worth, Tex.	317-ICC-601(1962)	27	86,608	Yes
Baltimore & Ohio Railroad Co. - Trains Nos. 21 and 22 - F. D. No. 22201	Baltimore, Md. and Washington, D.C. - Pittsburgh, Pa.	317-ICC-673(1963)	148	141,814	Yes
Chicago, Milwaukee, St. Paul & Pacific Railroad Co. - Trains Nos. 15 and 16 - F. D. No. 21391	Minneapolis, Minn. - Tacoma, Wash.	317-ICC-691(1961)	164	1,792,083	Yes between Butte, Mont. and Tacoma

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
New York, Chicago and St. Louis Railroad Co. - Trains Nos. 7 and 8 - F. D. No. 22366	Buffalo, N. Y. - Chicago, Ill.	317-ICC-775(1963)	93	$422,994	Yes
Missouri Pacific Railroad Co. - Trains Nos. 125 and 126 - F. D. No. 20874	Kansas City, Mo. - Little Rock, Ark.	312-ICC-31(1960)	42	82,936	Yes
Chicago, Milwaukee, St. Paul Pacific Railroad Co. - Trains Nos. 159 and 158 - F. D. No. 20881	La Crosse, Wis. - Austin, Minn.	312-ICC-44(1960)	7	56,593	Yes
Atchison, Topeka & Santa Fe Railroad Co. and Gulf, Colorado and Santa Fe Railroad Co. - Trains Nos. 5 and 6 - F. D. No. 20925	Kansas City, Mo. - Houston, Tex.	312-ICC-79(1960)	137	335,965	Yes
Chicago & North Western Railway Co. - Trains Nos. 518 and 519 - F. D. No. 21137	Mankato, Minn. - Rapid City, S. Dak.	312-ICC-313(1960)	13	529,552	Yes
Chicago, Rock Island & Pacific Railroad Co. - Trains Nos. 509 and 510 - F. D. No. 20743	Kansas City, Mo. - Fort Worth, Tex.	312-ICC-324(1960) 307-ICC-655(1959)	68	520 (profit)	No
Lehigh Valley Railroad Co. - Trains Nos. 7, 8, 28, 29, and 30 - F. D. No. 21260	New York, N. Y. - Buffalo Suspension Bridge, N. Y.; New York, N. Y. - Lehighton, Pa.	312-ICC-399(1961)	109	756,972	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Southern Pacific Co. - Trains Nos. 27 and 28; 101 and 102 - F. D. No. 21255	Oakland, Calif. - Ogden, Utah	312-ICC-437(1961)	160	$502,000	No
Chicago & North Western Railway Co. - Trains Nos. 510 and 511 - F. D. No. 21366	Chicago, Ill. - Duluth, Minn.; Elroy, Wis. - Mankato, Minn.	312-ICC-517(1961)	115	372,634	Yes
Chicago & North Western Railway Co. - Trains Nos. 161 and 162 - F. D. No. 21394	Green Bay, Wis. - Ishpeming, Mich.	312-ICC-621(1961)	14	207,160	Yes
St. Louis-San Francisco Railway Co. - Trains Nos. 807 and 808 - F. D. No. 21062	St. Louis, Mo. - Memphis, Tenn.	312-ICC-713(1960)	44	None	No
Soo Line Co. - Trains Nos. 13 and 14 - F. D. No. 21620	St. Paul, Minn. - Portal, N. Dak.	312-ICC-729(1961)	24	Less than 244,729	No
Missouri Pacific Railroad Co. - Trains Nos. 105 and 106 - F. D. No. 21595	Omaha, Neb. - Kansas City, Mo.	312-ICC-765(1961)	83	168,000	No
Great Northern Railroad Co. - Trains Nos. 285, 286, 287, 288, 291, and 292 - F. D. No. 20348	Williston, N. Dak. - Sidney, Mont.; Watford City, N. Dak. - Richey, Mont.	307-ICC-59(1959)	36	85,045	Yes
Minneapolis & St. Louis Railway Co. - Trains Nos. 3 and 4 - F. D. No. 20377	Minneapolis, Minn. - Des Moines, Iowa	307-ICC-79(1959)	6	36,000	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Minneapolis, St. Paul & Sault Ste. Marie Railroad Co. - Trains Nos. 5 and 6 - F. D. No. 20400	Minneapolis, Minn. - Enderlin, N. Dak.	307-ICC-125(1959)	8	$113,131	Yes
New York Central Railroad Co. - Trains Nos. 495 and 496 - F. D. No. 20435	Albany, N. Y. - Pittsfield, Mass.	307-ICC-167(1959)	61	20,000	No
Louisville & Nashville Railroad Co. - Trains Nos. 9 and 12 - F. D. No. 20430	Ocean Springs, Miss. - New Orleans, La.	307-ICC-173(1959)	88	49,477	No
Southern Pacific Co. - Trains Nos. 9 and 10 - F. D. No. 20444	San Francisco, Calif. - Portland, Ore.	307-ICC-209(1959)	233	300,000	Yes except seasonal operations
Texas & Pacific Railway Co. - Trains Nos. 225 and 226 - F. D. No. 20461	Longwood, Tex. - Texarkana, Ark.	307-ICC-259(1959)	4	103,615	Yes
Chicago & North Western Railway Co. - Trains Nos. 405 and 406 - F. D. No. 20488	Chicago, Ill. - Minneapolis, Minn.	307-ICC-271(1959)	78	350,000	Yes
Wabash Railroad Co. - Trains Nos. 11 and 14 - F. D. No. 20607	Moberly, Mo. - Des Moines, Iowa	307-ICC-352(1959)	17	90,000	Yes
Louisville & Nashville Railroad Co. - Trains Nos. 101 and 104 - F. D. No. 20595	Bowling Green, Ky. - Memphis, Tenn.	307-ICC-392(1959)	32	84,898	No

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Chicago & North Western Railway Co. - Trains Nos. 203 and 204 - F. D. No. 20638	Minneapolis, Minn. - Council Bluffs, Iowa	307-ICC-462(1959)	30	$438,280	Yes
St. Louis-San Francisco Railway Co. and St. Louis, San Francisco and Texas Railway Co. - Trains Nos. 517 and 518 - F. D. No. 20716	Tulsa, Okla. - Dallas, Tex.	307-ICC-477(1959)	15	73,084	Yes
New Jersey & New York Railroad Co. (Trustee) - Train No. 1611 - F. D. No. 20671	Hobken, N. J. - Spring Valley, N. Y.	307-ICC-532(1959)	52	55,409	Yes
Chicago, Milwaukee, St. Paul & Pacific Railroad Co. - Trains Nos. 11 and 22 - F. D. No. 20730	Madison, Wis. - Canton, S. Dak.	307-ICC-565(1959)	43	134,981	Yes
Chicago & North Western Railway Co. - Trains Nos. 514 and 515 - F. D. No. 20681	Chicago, Ill. - Minneapolis, Minn.	307-ICC-585(1959)	84	368,478	Yes
Chicago & Northwestern Railway Co. - Trains Nos. 514 and 515 - F. D. No. 20681	Elroy, Wis. - Mankato, Minn.	307-ICC-585(1959)	35	244,294	No
Chicago & North Western Railway Co. - Trains Nos. 510 and 511 - F. D. No. 20681	Chicago, Ill. - Duluth, Minn.	307-ICC-585(1959)	194	689,562	No
Delaware, Lackawanna & Western Railroad Co. - Trains Nos. 11, 26, 28 - F. D. 20684	Hoboken, N. J. - Scranton, Pa.	307-ICC-627(1959)	65	110,974	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
St. Louis Southwestern Railway Co. - Trains Nos. 7 and 8 - F. D. No. 20658	St. Louis, Mo. - Pine Bluff, Ark.	307-ICC-639(1959)	13	$225,500	Yes
Chicago, Milwaukee, St. Paul & Pacific Railroad Co. - Trains Nos. 21 and 14 - F. D. No. 20780	Milwaukee, Wis. - Channing, Mich.	307-ICC-668(1960)	60	68,515	Yes
Minneapolis, St. Paul & Sault Ste. Marie Railroad Co. - Trains Nos. 7 and 8 - F. D. No. 20811	Minneapolis, Minn. - Sault Ste. Marie, Mich.	307-ICC-677(1960)	28	146,000	Yes
Texas & New Orleans Railroad Co. - Trains Nos. 5 and 6 - F. D. No. 20779	Houston, Tex. - New Orleans, La.	307-ICC-725(1960)	27	56,902 (profit)	No
Chicago & North Western Railway Co. - Trains Nos. 5 and 6 - F. D. No. 20861	Chicago, Ill. - Council Bluffs, Iowa	307-ICC-775(1960)	17	400,000	Yes
Missouri Pacific Railroad Co. - Trains Nos. 221 and 232 - F. D. No. 20860	Pleasant Hill, Mo. - Newport, Ark.	307-ICC-787(1960)	21	130,703	Yes

APPENDIX B - Part II

Railroad Passenger Train Discontinuance Cases Arising Under Section 13a(1) of the Interstate Commerce Act
Reported -- Interstate Commerce Commission Reports -- Volumes 330 - 334

Cases	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Norfolk & Western Railway Co. - Trains Nos. 121 and 124 - F. D. No. 25162	St. Louis, Mo. - Chicago, Ill.	334-ICC-1(1969)	59	$486,471	No
Southern Pacific Co. - Trains Nos. 11 and 12 - F. D. No. 2509	Portland, Ore. - Oakland, Calif.	334-ICC-159(1968)	130	521,300	No
Chicago, Burlington & Quincy Railroad Co. - Trains Nos. 42 and 43 - F. D. No. 25230	Omaha, Neb. - Billings, Mont.	334-ICC-210(1969)	49	526,574	Yes
Chicago, Burlington & Quincy Railroad Co. - Trains Nos. 11 and 12 - F. D. No. 25264	Galesburg, Ill. - Lincoln, Neb.	334-ICC-248(1968)	74	150,000	Yes, between Omaha and Lincoln, Neb.
Penn Central Co. - Trains Nos. 574 and 575 - F. D. No. 25373	Harrisburg, Pa. - Buffalo, N. Y.	334-ICC-321(1969)	17	310,113	Yes, alternate days
Seaboard Coast Line Railroad Co. - Trains Nos. 51 and 52 - F. D. No. 25384	Florence, S. Car. - Augusta, Ga.	334-ICC-337(1969)	40	149,041	No
Chicago, Milwaukee, St. Paul and Pacific Railroad Co. - Trains Nos. 15 and 16 - F. D. No. 25395	Minneapolis, Minn. - Aberdeen, S. Dak.	334-ICC-354(1969)	22	250,000	Yes
Erie-Lackawana Railroad Co. - Trains Nos. 10 and 15 - F. D. No. 24886	Hoboken, N. J. - Buffalo, N. Y.	334-ICC-403(1969)	10	237,023	Yes
Norfolk & Western Railway Co. - Trains Nos. 301 and 304 - F. D. No. 25517	St. Louis, Mo. - Detroit, Mich.	334-ICC-506(1969)	80	512,772	No

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Louisville & Nashville Railroad Co. - Trains Nos. 11 and 12 - F. D. No. 25567	Flomaton, Ala. - Chattahoochee, Fla.	334-ICC-566(1969)	31	Less than $116,137	No
Chicago, Milwaukee, St. Paul & Pacific Railroad Co. - Trains Nos. 55 and 58 - F. D. No. 25580	Chicago, Ill. - Minneapolis, Minn.	334-ICC-589(1969)	46	204,493	Yes
Penn Central Co. - Trains No. 404 and 405 - F. D. No. 25585	Albany, N. Y. - Boston, Mass.	334-ICC-618(1969)	12	105,222	Yes
Baltimore & Ohio Railroad Co. - Trains Nos. 31 and 32 - F. D. No. 25596	Cumberland, Md. - Parkersburg, W. Va.	334-ICC-689(1969)	11	186,148	Yes
Northern Pacific Railway Co. - Trains Nos. 1 and 2 - F. D. No. 24855	Fargo, N. Dak. - Seattle, Wash.	333-ICC-15(1968)	366	1,900,000	No
Kansas City Southern Railway Co. and Louisiana & Arkansas Railway Co. - Trains Nos. 1 and 2 - F. D. No. 24853	Kansas City, Mo. - New Orleans, La.	333-ICC-51(1968)	199	About 900,000	No
Kansas City Southern Railway Co. and Louisiana & Arkansas Railway Co. - Trains Nos. 15-9 and 10-16 - F. D. No. 24854	Kansas City, Mo. - New Orleans, La. and Port Arthur, Tex.	333-ICC-51(1968)	232	About 1,200,000	Yes
Union Pacific Railroad Co. - Trains Nos. 35 and 36 - F. D. No. 24879	Salt Lake City, Utah - Butte, Mont.	333-ICC-182-(1968)	50	403,208	Yes, Reduced schedules

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Atchison, Topeka, & Santa Fe Railway Co. - Trains Nos. 47 and 48 - F. D. No. 24773	Kansas City, Mo. - Tulsa, Okla.	333-ICC-256(1968)	40	About $360,000	Yes
Atchison, Topeka, & Santa Fe Railway Co. - Trains Nos. 211 and 212 - F. D. No. 24773	Kansas City, Mo. - Tulsa, Okla.	333-ICC-256(1968)	72	About 180,000	No
Norfolk & Western Railway Co. - Trains Nos. 302 and 303 - F. D. No. 24912	St. Louis, Mo. - Detroit, Mich.	333-ICC-284(1968)	57	462,000	Yes
Southern Railway Co. and Cincinnati, New Orleans and Texas Pacific Railway Co. - Trains Nos. 27 and 28 F. D. No. 24925	Cincinnati, Ohio - Oakdale, Tenn.	333-ICC-297(1968)	46	367,100	No
Chicago, Milwaukee, St. Paul & Pacific Railroad Co. and Soo Line Railroad Co. - Trains Nos. 9, 10, 48 and 49 - F. D. No. 24766	Milwaukee, Wis. - Calumet, Mich.	333-ICC-320(1968)	25	426,248	Yes
Union Pacific Railroad Co. - Trains Nos. 17 and 18 - F. D. No. 24917	Kansas City, Mo. - Portland, Ore.	333-ICC-348(1968)	172	1,791,887	No
New York Central Railroad Co. - Trains Nos. 404 and 405 - F. D. No. 24929	Albany, N. Y. - Boston, Mass.	333-ICC-375(1968)	14	98,430	No
Chicago, Burlington and Quincy Railroad Co. - Trains Nos. 22 and 23 - F. D. No. 24932	Omaha, Neb. - Kansas City, Mo.	333-ICC-395(1968)	14	250,000	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Chicago, Burlington and Quincy Railroad Co. - Trains Nos. 26 and 27 - F. D. No. 24932	Omaha, Neb. - Kansas City, Mo.	333-ICC-395(1968)	45	$232,100	No
Union Pacific Railroad Co. - Trans Nos. 5 and 6 - F. D. No. 24935	Omaha, Neb. - Los Angeles, Calif.	333-ICC-413(1968)	135	1,500,000	No
Missouri Pacific Railroad Co. and The Texas and Pacific Railway Co. - Trains Nos. 7, 8, 23, 24, 27, 28 - F. D. No. 24956	St. Louis, Mo. - Texarkana, Ark.; Texarkana, Ark. - Ft. Worth, Tex.; New Orleans, La. - Marshall, Tex.	333-ICC-419(1968)	73	1,000,000	Yes
Chicago, Milwaukee, St. Paul and Pacific Railroad Co. - Trains Nos. 117 and 118 - F. D. No. 24980	Chicago, Ill. - Madison, Wis.	333-ICC-466(1968)	73	125,947	Yes, except on reduced schedules
Atchison, Topeka and Santa Fe Railway Co. - Trains Nos. 9, 11, and 12 - F. D. No. 24819	Chicago, Ill. - Kansas City, Mo. - Fort Worth, and Dallas, Tex.	333-ICC-497(1968)	183	1,063,773	Yes
Southern Pacific Co. - Trains Nos. 101 and 102 - F. D. No. 24916	San Francisco, Calif. - Ogden, Utah	333-ICC-525(1968)	152	1,300,000	No
Western Pacific Co. - Trains Nos. 17 and 18 - F. D. No. 24918	San Francisco, Calif. - Salt Lake City, Utah	333-ICC-525(1968)	163	1,200,000	No
Atchison, Topeka and Santa Fe Railway Co. - Trains Nos. 19, 20 - F. D. No. 24869	Chicago, Ill. - Los Angeles, Calif.	333-ICC-569(1968)	391	1,616,800	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Atchison, Topeka and Santa Fe Railway Co. - Trains Nos. 23 and 24 - F. D. No. 24869	Chicago, Ill. - Los Angeles, Calif.	333-ICC-569(1968)	225	$2,214,000	No
Pennsylvania New York Central Transportation Co. - Train No. 50 - F. D. No. 25026	Chicago, Ill. - New York, N. Y.	333-ICC-638(1968)	182	345,000	No
Pennsylvania New York Central Transportation Co. - Train No. 53 - F. D. No. 25026	Pittsburgh, Pa. - Chicago, Ill.	333-ICC-638(1968)	67	218,000	No
Pennsylvania New York Central Transportation Co. - Trains Nos. 70 and 71 - F. D. No. 25052	Chicago, Ill. - Cincinnati, Ohio	333-ICC-674(1968)	68	30,500 (profit)	No
Louisville & Nashville Railroad Co. - Trains Nos. 6 and 7 - F. D. No. 25047	New Orleans, La. - Cincinnati, Ohio	333-ICC-720(1968)	150	900,000	Yes
Penn Central Co. - Trains Nos. 3 and 30 - F. D. No. 25047	New York, N. Y. - St. Louis, Mo.	333-ICC-736(1968)	158	Less than 1,143,000	No
Penn Central Co. - Train No. 357 - F. D. No. 25107	Detroit, Mich. - Chicago, Ill.	333-ICC-768(1968)	58	132,000	Yes, between Ann Arbor, Mich. to Chicago
Southern Pacific Co. - Trains Nos. 1 and 2 - F. D. No. 25118	Los Angeles, Calif. - New Orleans, La.	333-ICC-783(1968)	220	Less than 807,905	No

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Missouri Pacific Railroad Co. and The Texas and Pacific Railway Co. - Trains Nos. 3 and 4 - F. D. No. 25136	St. Louis, Mo. - Fort Worth, Tex.	333-ICC-820(1968)	37	$655,933	Yes
Illinois Central Railroad Co. - Trains Nos. 9 and 10; Seaboard Coast Line Co. - Trains Nos. 17 and 18; Central of Georgia Railway Co. - Trains Nos. 10-9 and 10-9 - F. D. Nos. 25143, 25150, and 25151	Chicago, Ill. - Jacksonville, Fla.	333-ICC-853(1968)	Not shown	264,600	Yes, Between Carbondale, Ill. and Jacksonville, Fla.
Southern Railway Co. - Trains Nos. 35 and 34 - F. D. No. 24571	Washington, D. C. - Salisbury, N. C.	331-ICC-9(1967)	31	100,000	Yes
Chicago, Milwaukee, St. Paul and Pacific Railroad Co. - Trains Nos. 19 and 20 - F. D. No. 24589	Chicago, Ill. - Omaha, Neb.	331-ICC-48(1967)	30	450,000	Yes
Northern Pacific Railway Co. - Trains Nos. 3 and 4 - F. D. No. 24595	St. Paul, Minn. - Jamestown, N. Dak.	331-ICC-77(1967)	26	300,000	Yes
Chicago, Rock Island & Pacific Railroad Co. - Trains Nos. 15 and 16 - F. D. No. 24616	Minneapolis, Minn. - Kansas City, Mo.	331-ICC-125(1967)	41	236,000	Yes
Missouri Pacific Railroad Co. - Trains Nos. 31 and 32 - F. D. No. 24625	Little Rock, Ark. - Alexandria, La.	331-ICC-137(1967)	34	136,000	Yes
Louisville & Nashville Railroad Co. - Trains Nos. 53 and 92 - F. D. No. 24646	St. Louis, Mo. - Nashville, Tenn.	331-ICC-203(1967)	35	529,984	Yes, between Evansville, Ind. and Nashville, Tenn.

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Norfolk & Western Railway Co. - Trains Nos. 110 and 111 - F. D. No. 24558	St. Louis, Mo. - Chicago, Ill.	331-ICC-415(1967)	75	$273,860	Yes
Norfolk & Western Railway Co. - Trains Nos. 301 and 304 - F. D. No. 24558	St. Louis, Mo. - Detroit, Mich.	331-ICC-415(1967)	94	161,000	No
Chicago & Eastern Illinois Railroad Co. - Trains Nos. 93 and 54 - F. D. No. 24725	Chicago, Ill. - Evansville, Ind.	331-ICC-447(1968)	165	More than 500,000	Yes
Pennsylvania Railroad Co. - Trains Nos. 453 and 456 - F. D. No. 24723	Chicago, Ill. - Valparaiso, Ind.	331-ICC-464(1968)	276	32,000	No
Illinois Central Railroad Co. - Trains Nos. 3 and 8 - F. D. No. 24645	Memphis, Tenn. - New Orleans, La.	331-ICC-478(1967)	210	270,000	Yes
Great Northern Railway Co. - Trains Nos. 11, 14 and 28 - F. D. No. 24739	St. Paul, Minn. - Fargo, N. Dak.	331-ICC-497(1968)	81	305,003	Yes
Chicago, Milwaukee, St. Paul and Pacific Railroad Co. - Trains Nos. 55 and 58 - F. D. No. 24760	Chicago, Ill. - Minneapolis, Minn.	331-ICC-604(1968)	54	221,474 (profit)	No
Missouri Pacific Railroad Co. - Trains Nos. 52 and 53; Illinois Central Railroad Co. - Trains Nos. 35 and 38 - F. D. No. 24061	Houston, Tex. - New Orleans, La.	330-ICC-1(1967)	25	121,512	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Denver & Rio Grande Western Railroad Co. - Trains Nos. 7 and 8 - F. D. No. 24404	Denver, Colo. - Salt Lake City, Utah	330-ICC-108(1967)	58	$1,065,091	Yes
Atlanta & West Point Railroad Co. and Western Railway of Alabama - Trains Nos. 33 and 34 - F. D. No. 24155	Atlanta, Ga. - Montgomery, Ala.	330-ICC-133(1966)	28	16,990	Yes
Louisville and Nashville Railroad Co. - Trains Nos. 5 and 34 - F. D. No. 24158	Montgomery, Ala. - New Orleans, La.	330-ICC-133(1966)	74	340,518	Yes
Louisville and Nashville Railroad Co. - Trains Nos. 62 and 63 - F. D. No. 24159	Flomaton, Ala. - Chattahoochee, Fla.	330-ICC-133(1966)	17	42,114	Yes
Missouri Pacific Railroad Co. - Trains Nos. 52 and 53; Illinois Central Railroad Co. - Trains Nos. 35 and 38 - F. D. No. 24061	Houston, Tex. - New Orleans, La.	330-ICC-154(1966)	41	None	No
Norfolk & Western Railway Co. - Trains Nos. 5 and 6 - F. D. No. 23584	Buffalo, N. Y. - Chicago, Ill.	330-ICC-195(1965)	46	Nearly 1,000,000	Yes
Seaboard Airline Railroad Co. - Trains Nos. 17 and 18 - F. D. No. 24175	Portsmouth, Va. - Raleigh, N. Car.	330-ICC-171(1966)	35	115,733	No
Chesapeake & Ohio Railway Co. - Trains Nos. 43 and 46 - F. D. No. 24435	Portsmouth, Va. - Charlottesville, Va.	330-ICC-211(1967)	Somewhat over 26	Less than 206,333	No

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Chesapeake & Ohio Railway Co. - Trains Nos. 3 and 4 - F. D. No. 24435	Washington, D. C. - Cincinnati, Ohio	330-ICC-211(1967)	Somewhat over 67	Less than $942,578	No
Chesapeake & Ohio Railway Co. - Trains Nos. 46 and 47 - F. D. No. 24435	Ashland, Ky. - Toledo, Ohio	330-ICC-211(1967)	Somewhat over 49	Less than 701,169	No
Erie-Lackawanna Railroad Co. - Trains Nos. 7 and 8 - F. D. No. 23487	Hoboken, N. J. - Chicago, Ill.	330-ICC-234(1965)	43	104,311	Yes
Missouri Pacific Railroad Co. - Trains Nos. 16 and 17 - F. D. No. 23574	Omaha, Neb. - Kansas City, Mo.	330-ICC-276(1965)	45	233,000	Yes
Chicago, Burlington & Quincy Railroad Co. - Trains Nos. 31 and 32 - F. D. No. 23821	Alliance, Neb. - Casper, Wyo.	330-ICC-293(1966)	20	Over 100,000	Yes
Atlantic Coast Line Railroad Co. - Trains Nos. 54 and 55 - F. D. No. 23790	Wilmington, N. Car. - Florence, S. Car.	330-ICC-317(1966)	19	106,055	Yes
Atchison, Topeka & Santa Fe Railway Co. - Trains Nos. 47 and 48 - F. D. 23810	Kansas City, Mo. - Tulsa, Okla.	330-ICC-370(1966)	38	49,948	No
Chicago, Milwaukee, St. Paul and Pacific Railroad Co. - Trains Nos. 25 and 26 - F. D. No. 23646	Milwaukee, Wis. - Savanna, Ill.	330-ICC-386(1965)	17	51,577	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Chicago, Burlington & Quincy Railroad Co. - Trains Nos. 33-7 and 8-34 - F. D. 24462	Alliance, Neb. - Brush, Colo.	330-ICC-411(1967)	7	$98,266	Yes
Colorado & Southern Railway Co. and Fort Worth & Denver Railway Co. - Trains Nos. 1 and 8 - F. D. 24244	Dallas, Tex. - Denver, Colo	330-ICC-448(1966)	42	More than 228,776	Yes
Pennsylvania Railroad Co. - Trains Nos. 30 and 31 - F. D. No. 24074	St. Louis, Mo. - New York, N. Y.	330-ICC-458(1966)	297	None	No
Northern Pacific Railway Co. - Trains Nos. 311 and 314 - F. D. No. 23820	Spokane, Wash. - Lewiston, Idaho	330-ICC-488(1966)	24	61,831	Yes
Erie-Lackawanna Railraod Co. - Trains Nos. 1, 2, 21 and 22 - F. D. No. 24205	Hoboken, N. J. - Chicago, Ill; Hoboken, N. J. - Binghamton, N. Y.	330-ICC-508(1966)	93	400,000	Yes
Erie-Lackawanna Railroad Co. - Trains Nos. 40, 42, and 43 - F. D. No. 23720	Hoboken, N. J. - Scranton, Pa.	330-ICC-531(1965)	54	Less than 126,848	Yes
Louisville & Nashville Railroad Co. - Trains Nos. 1 and 4 - F. D. No. 24252	Cincinnati, Ohio - Montgomery, Ala.	330-ICC-551(1966)	29	155,764	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
Chicago, Milwaukee, St. Paul Pacific Railroad Co. - Trains Nos. 219 and 220 - F. D. No. 23597	Manilla, Iowa - Sioux Falls, S. Dak.	330-ICC-567(1965)	40	$159,846	Yes
Western Pacific Railroad Co. - Trains Nos. 17 and 18 - F. D. No. 24277	San Francisco, Calif. - Salt Lake City, Utah	330-ICC-578(1967)	185	560,000	No
Illinois Central Railroad Co. - Trains Nos. 13 and 14 - F. D. No. 24499	Chicago, Ill. - Waterloo, Iowa	330-ICC-598(1967)	66	340,000	Yes
St. Louis-San Francisco Railway Co. - Trains Nos. 1 and 2 - F. D. No. 24338	St. Louis, Mo. - Oklahoma City, Okla.	330-ICC-619(1967)	67	654,055	Yes
Southern Pacific Co. - Trains Nos. 39 and 40 - F. D. No. 24529	Tucumcari, N. Mex. - Los Angeles, Calif.	330-ICC-685(1967)	15	1,014,200	Yes
Chicago, Burlington & Quincy Railroad Co. - Trains Nos. 42 and 43 - F. D. No. 24545	Billings, Mont. - Alliance, Neb.	330-ICC-742(1967)	29	226,104	No
Colorado & Southern Railway Co. and Chicago, Burlington & Quincy Railroad Co. - Trains Nos. 29 and 30 - F. D. No. 24546	Billings, Mont. Denver, Colo.	330-ICC-742(1967)	20 to 25	334,287	Yes
Monon Railroad - Trains Nos. 5 and 6 - F. D. No. 24542	Chicago, Ill. - Louisville, Ky.	330-ICC-882(1967)	65	321,958	Yes
Colorado & Southern Railway Co. and Fort Worth & Denver Railway Co. - Trains Nos. 2 and 7 - F. D. No. 24562	Dallas, Tex. - Denver, Colo.	330-ICC-896(1967)	99	More than 568,136	Yes

Case	Termini	Citation	Average Daily Number of Riders per Train	Deficit	Action Discontinuance Permitted?
New York Central RR Co.- Trains Nos. 312 and 341 - F. D. No. 24780	St. Louis, Mo. - Indiana-Ohio State Line	331-ICC-616(1968)	7	More than $500,000	Yes
New York Central Railroad Co. - Trains Nos. 57 and 96 - F. D. No. 24781	Chicago, Ill. - Indiana-Ohio State Line	331-ICC-627(1968)	9	More than 240,000	Yes
Chicago, Rock Island & Pacific Railroad Co. and Southern Pacific Co. - Trains Nos. 3 and 4 - F. D. No. 24746	Chicago, Ill. - El Paso, Tex.	331-ICC-768(1968)	150	1,800,000	Yes
Atchison, Topeka & Santa Fe Railway Co. - Trains Nos. 13 and 14 - F. D. No. 24818	El Paso, Tex. - Albuquerque, N. Mex.	331-ICC-801(1968)	40	175,000	Yes
Chicago, Burlington & Quincy Railroad Co. - Trains Nos. 35 and 36 - F. D. No. 24821	Chicago, Ill. - Kansas City, Mo.	331-ICC-813(1968)	160	282,000	Yes, between West Quincy, Mo. and Kansas City, Mo.

Senator CANNON. Thank you very much, Mr. Webb. This is a very fine statement, we are glad to have it.

The hearings will be recessed subject to the call of the Chair.

(Thereupon, at 3:05 p.m., the committee was recessed.)

ADDITIONAL STATEMENTS, LETTERS, AND ARTICLES

STATEMENT BY HON. MARK O. HATFIELD, U.S. SENATOR FROM OREGON

The Federal Railroad Administration recently stated that "present rail passenger service is operated at a substantial deficit." I believe that we must start from the premise that rail travel does not have the demand that it once had. Significant segments of our intercity rail passenger system appear headed into a final downward spiral. This contention is borne out by the fact that less than 490 trains, excluding commuter runs, remain today where there were more than 1,499 passenger trains as recently as 1958. Moreover, total passenger intercity revenues, exclusive of mail and express, have dropped from $552 million in 1958 to $291 million in 1968, a 46 percent decline.

Whether or not passenger trains are used, there is a widespread and thoroughly ingrained belief that they are needed—not only in the sense of providing transportation for indivduals, but also as a public asset needed for the development and growth of territories and communities served. At the same time, railroads face increasing competitive pressures in their freight business from other modes of transportation, which makes the rail industry's task even more difficult in absorbing the passenger deficit. The government now has limited control over the continuance of a passenger service and must allow a railroad to reduce its service and/or discontinue service due to the high cost of operation.

Rail service has its advantage for those who fear flying; it is less subject to cancellation due to weather conditions; holiday and vacation travel demands can be eased by rail service. But, it is felt that the present network of daily rail passenger service between major cities, regardless of the lack of quality in the service, cannot be maintained intact over the next few years without a change in federal policy.

It has been speculated that the proposals or means to rejuvenate rail passenger service appear to have failed because the need for the service was not considered significant enough to require greater contributions from either the carriers, the government or the public. The development of a rail passenger system adequate for future needs of the nation cannot be attained simply by preserving those trains which operate daily. The service must be extensively modernized. Railroads must respond competitively to the already changed market conditions. Therefore, many have recommended that a comprehensive study on the need for a National Rail Passenger System be initiated, a study which would include recommendations of methods for developing a modern rail network, if such a system is desirable. However, emphasis must be given to the fact that such consideration can only be made in the context of all transportation modes and how the various transportation systems can complement each other.

I must submit that the absence of positive policy and actual involvement at the Federal level cannot help but reinforce the present downward trend. Many bills have been introduced to study the problem and discontinue service but the Congress has not responded adequately. The ICC has ordered railroads not to discontinue but the ICC argues that this is only a delaying tactic and the floor will inevitably give way. Therefore a system should be adopted which will utilize each mode of transportation to its maximum capacity, consistent with the public need and convenience. The latest proposal is a request by the industry for a governmental subsidy which seems to be a reasonable alternative, but it too is not likely to be granted.

Hence, it is my firm belief that at this time there is at least one positive way in which the federal government can change its policy toward rail passenger service. That is to establish an advisory commission to make recommendations with respect to the acquisition of necessary property and equipment for, and the operation of, railroad passenger service by the federal government. For this is one means by which the Congress may be certain that in due time railroad passenger trains can once again play the role intended for them when the final spike was driven at Promontory, Utah, better than a century ago.

TRANSPORTATION ASSOCIATION OF AMERICA,
Washington, D.C., September 25, 1969.

Hon. VANCE HARTKE,
Chairman, Surface Transportation Subcommittee, Senate Commerce Committee, U.S. Senate Office Building, Washington, D.C.

DEAR CHAIRMAN HARTKE: On behalf of the Board of Directors of the Transportation Association of America, I should like to submit to your Subcommittee the attached statement on bills subject to current hearings that relate to the discontinuance of unprofitable passenger trains. It is requested that this statement be made a part of the official transcript and record of these hearings.

In brief, TAA continues to oppose any substantive changes in Section 13a of the Interstate Commerce Act that will, in effect, prevent the railroads from obtaining relief from the heavy financial burden of unprofitable passenger trains. Such a situation could result from passage of a number of these bills that contain provisions designed to block, unduly delay, or make far more difficult the discontinuance of such trains.

As most members of the Senate Commerce Committee well know, TAA supported enactment of Section 13a and has opposed repeated efforts throughout the last 10 years to repeal or substantially weaken it. Such action has been taken with specific TAA Board approval at periodic intervals. We believe that Section 13a has proved to be, and still is, constructive legislation that has provided railroads considerable financial relief by permitting them to discontinue many unprofitable passenger trains. Its use has reduced pressures for higher rail freight rates, and has stimulated Federal, state, and local action on remedial measures in this serious transport problem area.

We, therefore, urge your Subcommittee to reject any proposals that will result in the railroads' being forced to continue to absorb losses from passenger-train services that can be shown to be an undue burden on interstate commerce. The TAA Cooperative Project is now considering a specific proposal on the railroad industry's request for Federal financial assistance to cover losses from passenger-train services determined essential to the public by the ICC. If we develop a policy position, we shall advise your Subcommittee accordingly.

Sincerely,

HAROLD HAMMOND.

STATEMENT OF HAROLD F. HAMMOND, PRESIDENT, TRANSPORTATION ASSOCIATION OF AMERICA, ON S. 674, S. 2750, 2865, S. 2887, S. CON. RES. 32, S. J. RES. 120 AND S. J. RES. 129

My name is Harold F. Hammond. I am President of the Transportation Association of America, a national transportation policy organization with headquarters in Washington, D.C. I am presenting this statement on behalf of the Board of Directors of TAA to express the Association's specific and, in some instances, general views on the following bills: S. 674, S. 2750, S. 2865, S. 2887, S. Con. Res. 32, S. J. Res. 120, and S. J. Res. 129. All of these bills would either amend Section 13a of the Interstate Commerce Act or directly affect it.

For the record, TAA is a national organization made up of users, investors, and carriers of all modes who work together to develop national policy positions designed to maintain the strongest possible transport system in this country under private enterprise principles. TAA policy positions are developed through eight permanent advisory Panels made up of representatives from transport users, investors, and air, freight forwarder, highway, pipeline, railroad, and water carriers respectively. After receiving views of these Panels, the TAA Board adpots formal policy positions.

Based on TAA Board action, the Association supported the enactment of legislation that added Section 13a to the Interstate Commerce Act. The need for such legislation was clearly substantiated at that time, alhough repeated attempts have been made following its passage into law to either repeal it or nullify its effect. With specific TAA Board endorsement, the Association has expressed opposition to these attempts on numerous instances.

In favoring both the enactment and retention of Section 13a, TAA has cited such reasons as the following:

Railroads should not be forced to continue operating services that are so uprofitable as to impose an undue burden on interstate commerce.

Users of rail freight services should not have to subsidize rail passenger services, nor should railroad investors be asked to do so.

Sharp growth in competition from the private automobile and the commercial airlines is the underlying reason for the decline in rail passenger service—not apathy on the part of the railroads.

Procedures under which the railroads can seek relief at the state level, without the appeal feature of Section 13a, are too slow.

We believe that Section 13a has proved to be, and still is, very constructive and in the over-all public interest. It has undoubtedly caused hardships for some of the interests directly affected by the resulting passenger-train discontinuances, but we believe these disadvantages have been far offset by the benefits to shippers, investors, carriers, and the general public.

While the present railroad financial picture is far from bright, it would be dismal without the relief that many carriers have obtained through use of Section 13a in obtaining ICC approval to discontinue unprofitable passenger trains. Yet, the financial burden today is still a substantial one, as clearly brought out by the recent cost study by the ICC. This analysis shows that passenger service losses of eight major railroads handling about 40 percent of the noncommutation rail passenger traffic amounted to $118 million in 1968, based on an avoidable cost basis—as compared to a loss of $214 million based on the often challenged full-cost formula. If all railroads were covered, the actual losses would undoubtedly be in excess of $200 million a year.

One result of Section 13a has been its stimulation of local and state action to assist in maintaining rail commuter services in certain high-density areas. In fact, traffic volume in this segment of rail passenger service has been gradually rising over the past six years. Section 13a likewise has been a factor in encouraging Federal action such as the present high-speed ground transport program in the Department of Transportation, particularly the Northeast Corridor passenger-train demonstrations. Finally, it has helped, by reducing over-all rail operating expenses, ease pressures on the railroads to increase freight rates.

Because of reasons such as those cited above, TAA continues to support Section 13a and to oppose any substantive changes in it that will, in effect prevent the railroads from obtaining relief from the heavy financial burden of unprofitable passenger trains. Such a situation could result from passage of a number of the bills noted below that contain provisions designed to block, unduly delay, or make far more difficult the discontinuance of such trains.

S. 674

This bill would add another statutory standard for the ICC to consider in passenger-train discontinuance proceedings. It would require the Commission to give "full consideration" to any financial assistance that might be available to the carrier under the Urban Mass Transportation Act of 1964 or any other law and to "the efforts" of the carrier to obtain such assistance.

While we agree that this is a factor that should be taken into consideration by the Commission in a discontinuance proceeding, we believe this is now being done. Therefore, we see no need to highlight it in such a way.

S. 2750

This bill would provide for reimbursement to carriers of the cost, in excess of revenues, of furnishing specific railroad passenger-train services that are determined by the ICC to be required in the public interest. It would also authorize the Department of Transportation to purchase or lease passenger train equipment that may be required to comply with an ICC order but which is not then owned by, or reasonably available to the carrier or carriers. This equipment would be rented to the carriers and be included as part of the cost of the required service.

While TAA does not at this time have a specific policy position on this bill, it is now actively considering a proposal directly relating to it. We can, however, point out that our strong support of Section 13a clearly puts us on record as being in favor of relieving the railroads from financial losses resulting from the operation of unprofitable passenger trains. We likewise have stressed the point that the railroads' shippers and investors should not be required to absorb these heavy losses—as has been the case for so many years.

If it is determined that a particular unprofitable passenger-train service is required in the general public interest, with proper consideration of the availability of adequate substitute public passenger services, then simple justice calls for public support of the needed service. What specific form this should take we are not in a position to say at this time.

S. 2865

This bill would amend Section 13a(1) to require the ICC, in instances where it decides to hold a hearing, to follow more formal procedures in interstate passenger-train discontinuances without any time limit. It would also give the Commission broad authority to apply "such terms and conditions as in its judgment the public convenience and necessity may require" as a condition to an interstate passenger-train discontinuance or change. This bill would also amend Section 13a(2) by giving states seven months, rather than four months, to act on petitions to discontinue unprofitable intrastate passenger trains, and give the ICC similar authority to apply "terms and conditions" to its order authorizing any discontinuance or change.

The proposed change that would require what amounts to train abandonment procedures in passenger-train discontinuance hearings would eliminate all time limits on such proceedings and thus result in an undue delay in their handling. Because of the heavy financial burden on carriers that operate unprofitable passenger trains, we cannot see the logic of giving the ICC an open invitation to hold off taking final action.

We also see the possibility of considerable harm in giving the ICC broad authority to apply "terms and conditions" to discontinuances, whether in whole or in part. For example, the Commission could require very costly labor protective provisions as a condition to complete discontinuance which may offset the gains to the carrier, or the Commission may require a costly change in the portion of services that may have to be continued.

The seven-month time period for states to act on intrastate passenger-train discontinuances is, in our opinion, unwarranted. TAA believes, and has specifically stated in a policy position that 120 days is ample time for a state commission to take action. We should point out further that Section 13a(2) does not have a time limit for the ICC to act, which means that the states now have full opportunity to present their views on cases that they have rejected or on which they failed to act.

S. 2887

This bill, proposed by the ICC, would amend Section 13a to give the Commission more time to consider interstate passenger-train discontinuance cases (seven vs. four months), to require 60 rather than 30 days' advance notice of a proposed discontinuance, to place the burden of proof clearly upon the railroad, to prevent a discontinuance without proper authority before the posted date, and to establish special rules for the last remaining interstate passenger services of a carrier. It would also provide for a detailed DOT study of the potential of rail passenger service.

While TAA cannot take exception with the general intent of the Commission to give fair and complete consideration to all views in passenger-train discontinuance proceedings, we believe the over-all impact of its proposal would unnecessarily delay further discontinuances and, in effect, block some despite their justification. For example, the bill would extend the statutory time limits from date of notice to the final date for an ICC order from five to eight months, plus an additional two months at the discretion of the Commission. We believe that in actual practice the ten months period will prove to be the standard, far too long for such proceedings, when consideration is given to the expertise and experience of Commission personnel handling such cases.

The last-train amendment would make it very difficult to discontinue such trains because of the more restrictive standards, and it would certainly discourage a carrier from seeking such authority because it would face the likely prospect of being required to continue the train under operating conditions set by the Commission. In other words, the ICC could require changes in service that may prove far more costly to the carrier than prior to its petition for authority to discontinue it.

This bill would extend from four to seven months the time for states to act in cases involving unprofitable intrastate passenger trains. For the same reasons as given for a similar provision in S. 2865, TAA believes the present four-month period is quite adequate.

As to the proposed study of existing and future potential for intercity rail passenger service in the U.S., we have no objection. As indicated in our comments on S. Con. Res. 32, the TAA Transportation Policy Research Committee has listed such a study among its list of the "Ten Most Wanted Transport Policy Research Projects". We doubt, however, whether such a comprehensive study can be

completed within the one-year period called for in the bill, unless sizeable funding of it is authorized.

In brief, we would have no objection to a reasonable extension of time for the ICC to consider interstate passenger-train discontinuance petitions, nor to the proposed DOT study, but we cannot see the merit of the last-train amendments because they would amount, in our opinion, to a freeze in discontinuances at this point. Therefore, TAA opposes passage of S. 2887 in its present form.

S. CON. RES. 32

This resolution would direct the Department of Transportation to investigate the potential of rail passenger and mail transport in the U.S. and to study the feasibility of developing and operating interurban rail passenger transportation service through regional commissions, a Government-industry corporation, or through direct aid to railroads. The proposed investigation would cover new technology and its potential, U.S. assistance to furnish a pool of passenger equipment and facilities, changes in work rules, etc.

The bill calls for completion of the study within six months and pending its completion directs the ICC to "exercise such authority as it has under law to prevent any abandonment or sale of rail passenger service facilities".

As stated previously, TAA has no objection to such a study. While we have no official TAA policy covering such a study, we should point out that the TAA Transportation Policy Research Committee—which is an advisory and not a policy making group within TAA—consider such a study as being of such significance that it has listed it among the Committee's list of "Ten Most Wanted Transport Policy Research Projects".

Since it many respects the study proposed in this resolution is even more comprehensive than the one-year study proposed in S. 2887, we very seriously question whether it can be completed within the six-month period specified. What we do object to is the proposed Congressional mandate to the ICC to do everything possible to prevent any further passenger-train discontinuance or sale of rail passenger equipment no longer being used by the carriers. Since in all probability any such study would require an extension of time, this mandate would undoubtedly be extended at the same time.

If your Subcommittee feels inclined to approve the proposed study, we urge deletion of the last clause, which sets forth this mandate to the ICC.

S.J. RES. 120

This resolution would likewise direct the Department of Transportation, with cooperation from the ICC, to develop within one year a master ground transportation plan fo rthe U.S. and prevent action by the ICC on both railroad mergers and passenger train discontinuance cases throughout that period plus an addi tional two months.

TAA has no objection to the development of such a master plan, but, as indicated above, doubts if it can be made in the time specified. We very strongly oppose, however, any freeze on pending or planned railroad merger and passenger-train discontinuance petitions to the ICC. While we do not take action on specific railroad mergers, TAA has long favored such mergers as a means of strengthening carriers and improving rail services. We cannot see any logic in a moratorium, since present rail merger procedures are exhaustive and very time consuming, with full opportunity for all parties to be heard and more than adequate protection provided to labor and other interests that may be adversely affected.

A moratorium on rail passenger-train discontinuances for 14 months would mean that railroads must lose another $200 million or more before they can even seek further relief from the ICC. In all probability, an effort would be made to extend the moratorium pending consideration by the Congress of any legislative proposals resulting from the study. For these reasons, we urge the deletion of Section 2 of S.J. Res. 120 if your Subcommittee decides to take action on it.

S.J. RES. 129

This resolution would establish a 15-man Advisory Commission on Federal Railroad Passenger Service to study the equipment needs of a national railroad passenger service and the "best means" of operating such a service.

TAA has no objection to the establishment of such a Commission for the purposes stated, although we would not like to see too much emphasis placed on Federal operation of such a service. In other words, it should be made clear that the stated duty in the resolution of the Commission to determine the "best means" of operating such a service is intended to consider a wide range of alternatives.

CONCLUSION

Based on the comments made on the seven bills under consideration by your Subcommittee, TAA is opposed to any substantive change in Section 13a that will, in effect, unduly delay or block justified passenger-train discontinuances. We likewise do not believe the railroads and their shippers and investors should be forced to bear the burden of heavy losses that may result from an ICC order requiring the former to continue unprofitable passenger-trains.

STATEMENT OF NILS A. LENNARTSON, PRESIDENT OF THE RAILWAY PROGRESS INSTITUTE, WASHINGTON, D.C.

I am Nils A. Lennartson, President of the Railway Progress Institute, the national trade association of the railway supply industry.

The Railway Progress Institute, also known as RPI, is made up of some 200 railway supply companies of all sizes, located throughout the United States. Our members provide railroads with rolling stock, locomotives, components, and other equipment and services of all kinds.

We in RPI fully support the position of the nation's railroads regarding various passenger train legislative proposals now before the Surface Transportation Subcommittee of the Senate Committee on Commerce, and especially in support of S. 2750.

As the representative of suppliers to the railroads—makers of locomotives, freight cars, components, tracks, signals, and many other kinds of equipment and services—we favor enactment of legislation providing for federal government reimbursement of railroads for losses incurred on passenger train runs required by the Interstate Commerce Commission.

If the Government considers it necessary that passenger service be maintained in areas or on train runs where it cannot produce enough revenue to meet operating costs, then it is the obligation of the government to help pay for this service to the consumer.

The railroads through the years since World War II have done what they could—within their means—to improve service and enhance the prospect of rail travel to the passenger trade. Many millions of dollars have been spent by certain roads on equipment, promotion and advertising.

But it seems difficult—indeed impossible—to stop the trend of the times. Looking at it realistically, it is apparent that people prefer flying in time-saving jet planes for long distance trips and driving their own automobiles, with the convenience of setting their own hours, for shorter trips.

Perhaps it is repetitious, but nevertheless necessary, to point out that the airlines are subsidized by government funds and highways for auto travel are built with tax moneys. This is an advantage which the railroads, in attempting to compete with airlines and the auto for passenger traffic, sadly lack. From a logical point of view and from the standpoint of just fair play, no other conclusion can be reached but that the railroads similarly must be given aid if they are to stay in money-losing passenger business.

Legislation before this committee would not yield any government-subsidized profit to the railroads. It would merely reimburse them for losses on services they are ordered by the government to maintain despite the fact that these services do not pay for themselves. The bill also would authorize the Secretary of Transportation to acquire equipment regarded as necessary for any upgrading of service, if suitable equipment is not otherwise available. This equipment then would be rented by the railroads.

Studies have shown that the only likely future for increased passenger service lies in heavily populated corridors—like the Boston to New York to Philadelphia to Washington strip. Otherwise the public is deserting the passenger trains. This is fact, not opinion. There is next to no hope in attempts to halt this trend.

The constant drain of passenger service, provided at a loss in operating revenues, imposes a severe burden on the other functions of the railroad industry—the movement of freight.

Leading railroad industry executives of this nation have presented testimony to your committee averting that as a result of limited patronage, spiraling costs and governmental policies which favor competing modes of traffic movement, the railroad industry because of its passenger business losses, plunged into a financial crisis. There are but two ways to cure this illness—either eliminate unprofitable passenger train service, or sustain it with governmental reimbursement for operating losses. This is the position of America's railroads. It is the position of railroad industry's supliers, represented by the Railway Progress Institute.

ELISABETH W. CRAWFORD,
Alexandria, Va., September 23, 1969

Hon. VANCE HARTKE,
U.S. Senator,
Senate Office Building, Washington, D.C.

DEAR SENATOR HARTKE: Please include the following testimony in your hearings for the Subcommittee on Surface Transportation:

The need for long-distance railroad passenger service in this country has not diminished. Rather, there is more need now than ever before to get travelers out of the overcongested airways and highways and onto the rails where large numbers of people can be carried safely.

Last summer I decided to take my wife and two small children from the East Coast to the West Coast and back. Automobile and bus travel were, of course, out of the question. The cheapest round-trip family plan offered by the airlines would have cost $600. The round-trip rail fare, by slumbercoach, cost about $400 plus an additional $100 for food and tips. The savings of $100 over the air fare was important to us, as it would be to most young families. Had we gone by air we also would have missed the scenery.

It would be an outrage if decent rail travel were denied to the people of this country at a time when it is needed more than ever before. Historians will puzzle over the present decline of passenger service and call it one of the great irrationalities of the age. It is up to the public sector to do whatever is necessary to arrest the decline in this most needed of public services.

Yours truly,

JOHN D. CRAWFORD.

[From the Washington Post, Sept. 22, 1969]

LETTERS TO THE EDITOR

TO SAVE TRAIN TRAVEL

Now that the Interstate Commerce Commission has decided that it is legally helpless to arrest the further deterioration of passenger train service, Congress should move speedily to do something definitive and meaningful to rectify this frustrating situation.

Since it is apparent that the railroad companies simply will not lift a finger to solicit passenger business, the time has come for Congress to begin a program of subsidization in order that Metroliner-type equipment and suitable roadbeds can become a reality. Once this is done, an intense advertising campaign to sell the public on rail travel (using all communication media) would pay off. If matters did not then improve, a Passenger Train Authority should be set up under the Department of Transportation to operate the trains, even at a loss if necessary.

In view of the increasingly dangerous overcrowding not only at the larger air terminals but also in the airlanes themselves, and the automobiles proliferating faster than rabbits, the traveling citizen is entitled to not fewer travel options and facilities but more. Congress can do something about this and it is high time it did.

LAWRENCE C. ROUSH.

WILSON, N.C.

[From the National Observer, Aug. 25, 1969]

LETTERS TO THE EDITOR

AIR TRAFFIC: AN ANSWER

Editor, The National Observer:

The only sensible solution to the overcrowed airports and the overworked air controllers [Aug. 18] is for the Federal Government to start doing something definitive and meaningful to restore life to passenger-train service in this country. Since it is apparent that the railroads refuse to lift a finger to solicit passenger business, the time has come for the Congress to begin subsidizing passenger service in order that the equipment and roadbeds can be modernized. After this is done I think that an intensive advertising campaign to sell the public on rail travel would pay off. If matters did not then improve, then the Government should simply operate all passenger trains in the nation under a Passenger Train Authority in the Department of Transportation.

LAWRENCE C. ROUSH.

WILSON, N.C.

APPENDIX A [1]

TABLE 1.—SUMMARY OF GOVERNMENT EXPENDITURES FOR DOMESTIC TRANSPORTATION [1]

Expenditures for years	Federal	State and local [2]	Total [2]
Prior to 1947	$13,732,604,489	$48,742,721,615	$62,475,326,104
1947	534,102,370	2,994,000,000	3,528,102,370
1948	678,790,053	3,497,000,000	4,175,790,053
1949	861,384,324	3,873,000,000	4,734,384,324
1950	896,368,978	4,208,000,000	5,104,368,978
1951	896,308,768	4,644,000,000	5,540,308,768
1952	963,935,839	5,046,000,000	6,009,935,839
1953	1,080,333,685	5,591,000,000	6,671,333,685
1954	942,875,734	6,593,000,000	7,535,875,734
1955	1,055,817,154	6,839,000,000	7,894,817,154
1956	1,221,574,828	7,821,000,000	9,042,574,828
1957	1,944,045,184	8,332,000,000	10,276,045,184
1958	3,109,201,771	8,355,000,000	11,464,201,771
1959	4,014,003,304	8,197,000,000	12,211,003,304
1960	3,652,699,876	8,588,000,000	12,240,699,876
1961	3,952,160,676	9,266,000,000	13,218,160,676
1962	4,192,840,321	9,782,000,000	13,974,840,321
1963	4,875,913,543	9,967,000,000	14,842,913,543
1964	5,446,175,981	10,109,000,000	15,555,175,981
1965	5,320,125,993	10,865,000,000	16,185,125,993
1966	5,899,120,000	11,830,000,000	17,729,120,000
1967	5,784,574,000	12,873,000,000	18,657,574,000
1968	6,111,152,000	13,338,000,000	19,449,152,000
1969 (estimated)	6,159,417,000	14,312,000,000	20,471,417,000
Total	83,325,525,871	235,662,721,615	318,988,247,486

[1] This table summarizes expenditures for all types of facilities as shown in tables 2 through 6 with notes and sources of information. Data are for fiscal years, except highway expenditures (table 5) which are on a calendar year basis. Not included are merchant marine and Coast Guard expenditures, shown separately in tables 8 and 9.

[2] Does not include State and local expenditures for waterways prior to 1947 as they are not available.

[1] The tables contained in this appendix were made available to this committee by the Department of Transportation.

TABLE 2.—AIRWAYS[1]

Expenditures for years—	Federal	State and local[2]	Total
1925 to 1947	$334,806,569		$334,806,569
1947	88,201,605		88,201,605
1948	88,730,833		88,730,833
1949	106,841,866		106,841,866
1959	121,311,131		121,311,131
1951	120,204,879		120,204,879
1952	119,218,553		119,218,553
1953	119,002,193		119,002,193
1954	112,202,520		112,202,520
1955	112,099,345		112,099,345
1956	122,053,358		122,053,358
1957	208,586,318		208,586,318
1958	318,858,835		318,858,835
1959	385,029,244		385,029,244
1960	461,727,000		461,727,000
1961	557,741,000		557,741,000
1962	573,506,000		573,506,000
1963	634,258,000		634,258,000
1964	669,800,000		669,800,000
1965	634,688,000		634,688,000
1966	721,714,000		721,714,000
1967	869,554,000		869,554,000
1968	787,651,000		787,651,000
1969 (estimated)	1,043,083,000		1,043,083,000
Total	9,310,869,249		9,310,869,249

[1] Obligations for establishment, administration, maintenance and operations of the Federal airways system, including flight and medical standards programs, years 1925 to date. Does not include costs of military facilities and funds transferred to the Civil Aeronautics Administration, the amounts of which could not be ascertained. Obligations of the Federal Aviation Agency for an accelerated research and development program for improving the national system of aviation facilities including administrative expenditures for the program are included for years 1958 through 1969. Research expenditures for "civil supersonic aircraft development" are included for years 1962 through 1969.

[2] None.

Source: Annual budgets of the U.S. Government; years 1925 and 1926 from annual reports of the Postmaster General.

TABLE 3.—AIRPORTS

Expenditures for years	Federal		State and local [2]	Total
	Grants-in-aid [1]	Administration and research		
Prior to 1947	$1,758,019,920	([3])	$1,546,721,615	$3,304,741,535
1947	3,041,906	$258,859	80,000,000	83,300,765
1948	25,490,758	268,462	80,000,000	105,759,220
1949	49,908,900	633,558	80,000,000	130,542,458
1950	44,049,461	808,386	90,000,000	134,857,847
1951	39,703,042	778,847	90,000,000	130,481,889
1952	19,538,631	778,055	90,000,000	110,316,286
1953	11,007,077	645,415	100,000,000	111,652,492
1954	(855,556)	2,233,770	113,000,000	114,378,614
1955	19,698,475	6,132,334	114,000,000	135,830,809
1956	17,794,280	6,680,190	171,000,000	191,474,470
1957	45,141,616	2,330,650	265,000,000	273,471,866
1958	70,365,745	4,012,191	254,000,000	328,337,936
1959	72,956,360	4,506,700	308,000,000	385,463,060
1960	82,202,876	5,842,000	342,000,000	430,044,876
1961	73,783,676	7,638,000	422,000,000	503,421,676
1962	46,381,361	10,743,000	371,000,000	428,164,321
1963	75,279,543	9,957,000	361,000,000	446,236,543
1964	71,596,981	10,792,000	359,000,000	441,388,981
1965	59,587,993	11,034,000	415,000,000	485,621,993
1966	74,919,000	10,569,000	424,000,000	509,488,000
1967	61,389,000	11,346,000	468,000,000	540,735,000
1968	85,824,000	11,933,000	480,000,000	577,757,000
1969 estimated	75,000,000	12,964,000	480,000,000	567,964,000
Total	2,881,784,205	125,885,417	7,463,761,615	50,471,391,237

[1] Federal expenditures for civil airports prior to 1947 include military contributiohs of $1,000,000,000 estimated by Under Secretary of Commerce Rothschild, April 1958, and other Federal expenditures for civil airports prior to the Federal Airport Act of 1946. Grant agreements are shown for the years 1947–68, except 1954 when none was made and some were canceled; appropriations are shown for 1969. Expenditures for development of Washington National ($48,000,000) and Dulles International (ultimately $175,000,000) airports, revenue-producing Federal facilities, not included.

[2] The President's Airport Commission in 1952 estimatid the acquisition cost of all U.S. civil airports to be in the vicinity of $4,000,000,000. Deducting from this $4,000,000,000 total the Federal, State, and local expenditures of $695,258,465 shown for the 1947–52 period leaves $3,304,741,535 spent prior to 1947. State and local expenditures prior to 1954 and since 1967 not available but are here estimated. Amount of revenues not available.

[3] Not available.

Sources: "The National Airport Program," S. Doc. 95, 83d Cong., 2d sess., p. 34; hearings on bills to amend the Federal Airport Act, U.S. Senate, Apr. 14–57, 1958, p. 6; "Continuing Federal Airport Program," Report No. 6164, U.S. House of Representatives, 89th Cong., 2d sess., p. 5; hearings on Department of Transportation appropriations for 1968, House of Representatives, 90th Cong., 1st sess., p. 266; budgets of the U.S. Government; and "The Airport and Its Neighbors," President's Airport Commission, May 16, 1952, p. 95. State and local expenditures 1954–67 are from "Governmental Finances," Bureau of the Census.

TABLE 4.—CASH SUBSIDY TO DOMESTIC AIRLINES [1]

Expenditures for years	Federal	State and local [2]	Total
1939–47	$118,678,000		$118,678,000
1947	16,500,000		16,500,000
1948	29,600,000		29,600,000
1949	33,500,000		33,500,000
1950	36,800,000		36,800,000
1951	34,922,000		34,922,000
1952	25,401,000		25,401,000
1953	25,379,000		25,379,000
1954	30,695,000		30,695,000
1955	27,787,000		27,787,000
1956	28,647,000		28,647,000
1957	33,787,000		33,787,000
1958	39,405,000		39,405,000
1959	42,511,000		42,511,000
1960	56,428,000		56,428,000
1961	71,598,000		71,598,000
1962	79,910,000		79,910,000
1963	82,819,000		82,819,000
1964	82,587,000		82,587,000
1965	78,316,000		78,316,000
1966	72,018,000		72,018,000
1967	64,085,000		64,085,000
1968	55,244,000		55,244,000
1969 (estimated)	48,470,000		48,470,000
Total	1,215,087,000		1,215,087,000

[1] Includes domestic trunk, local service, and helicopter airlines. Subsidy payments to domestic airlines as distinguished from compensation for carrying mail not available separately for years prior to 1951, and are here estimated by applying the subsidy ratio (59 percent), as determined by CAB for entire 1939–50 period, to the total mail payments for each year from 1947 through 1950. Subsidy payments for years 1961 to date include Alaskan and Hawaiian operations.

[2] None.

Sources: 1939–50, Civil Aeronautics Board, Administrative Separation of Subsidy From Total Mail Payments to Domestic Air Carriers, September 1951, p. 5; 1951–53. CAB, Service Mail Pay and Subsidy for U.S. Certificated Air Carriers, February 1961, table 2; 1954–69 CAB, Subsidy for U.S. Certificated Air Carriers, November 1968, app. No. 1.

Expenditures for years—	Federal	State and local	Total
1921 [1] to 1947	$8,951,000,000	$47,196,000,000	$56,147,000,000
1947	337,000,000	2,789,000,000	3,126,000,000
1948	419,000,000	3,292,000,000	3,711,000,000
1949	510,000,000	3,668,000,000	4,178,000,000
1950	503,000,000	3,968,000,000	4,471,000,000
1951	496,000,000	4,404,000,000	4,900,000,000
1952	584,000,000	4,806,000,000	5,390,000,000
1953	653,000,000	5,316,000,000	5,969,000,000
1954	701,000,000	6,285,000,000	6,986,000,000
1955	784,000,000	6,571,000,000	7,355,000,000
1956	904,000,000	7,450,000,000	8,354,000,000
1957	1,455,000,000	7,878,000,000	9,333,000,000
1958	2,454,000,000	7,882,000,000	10,336,000,000
1959	3,238,000,000	7,648,000,000	10,886,000,000
1960	2,753,000,000	8,009,000,000	10,762,000,000
1961	2,941,000,000	8,551,000,000	11,492,000,000
1962	3,173,000,000	9,129,000,000	12,302,000,000
1963	3,759,000,000	9,293,000,000	13,052,000,000
1964	4,278,000,000	9,459,000,000	13,737,000,000
1965	4,137,000,000	10,174,000,000	14,311,000,000
1966	4,610,000,000	11,088,000,000	15,698,000,000
1967	4,391,000,000	12,075,000,000	16,466,000,000
1968	4,779,000,000	12,513,000,000	17,296,000,000
1969 (estimated)	4,583,000,000	13,487,000,000	18,070,000,000
Total	[2] 61,393,000,000	[3] 222,931,000,000	284,324,000,000

[1] Records not available prior to 1961.

[2] Of this total, $44,044,000,000 was covered by receipts of the Federal highway trust fund from user charges in the period 1956–69. This includes substantial amounts of formerly general fund revenues which, beginning in 1956, were dedicated to the highway trust fund.

[3] Of this total $131,818,000,000 was covered by State and local highway user imposts and toll receipts in the period 1961–69.

Sources: U.S. Department of Commerce, Bureau of Public Roads, "Highway Finance, Summary to 1965", table HF–201 for years through 1964, and Bureau of Public Roads releases of Nov. 29, 1967, and Nov. 17, 1968, table HF–1, for years 1965–69.

TABLE 6.—WATERWAYS

Expenditures for years—	Federal [1]	State and local [2]	Total
Prior to 1947	$2,570,100,000	([3])	$2,570,100,000
1947	89,100,000	$125,000,000	214,100,000
1948	115,700,000	125,000,000	240,700,000
1949	160,500,000	125,000,000	285,500,000
1950	190,400,000	150,000,000	340,400,000
1951	204,700,000	150,000,000	354,700,000
1952	215,000,000	150,000,000	365,000,000
1953	271,300,000	175,000,000	446,300,000
1954	97,600,000	195,000,000	292,600,000
1955	110,100,000	154,000,000	264,100,000
1956	146,400,000	200,000,000	346,400,000
1957	198,200,000	229,000,000	427,200,000
1958	222,600,000	219,000,000	441,600,000
1959	271,000,000	241,000,000	512,000,000
1960	293,500,000	237,000,000	530,500,000
1961	300,400,000	293,000,000	593,400,000
1962	309,300,000	282,000,000	591,300,000
1963	314,600,000	313,000,000	627,600,000
1964	333,400,000	291,000,000	624,400,000
1965	399,500,000	276,000,000	675,500,000
1966	409,900,000	318,000,000	727,900,000
1967	387,200,000	330,000,000	717,200,000
1968	391,500,000	345,000,000	736,500,000
1969 (estimated)	396,900,000	345,000,000	741,900,000
Total	8,398,900,000	5,268,000,000	13,666,900,000

[1] Includes inland waterways, intracoastal waterways, Great Lakes and coastal harbors—obligations for construction, operation and maintenance of channels and harbors, locks and dams, alteration of bridges over navigable rivers, advanced engineering and design, and other minor costs related to navigation. Expenditures by the Corps of Engineers exclude the navigation portion of multiple-purpose projects. The table does not include construction and operating expenditures for navigation on the Tennessee River as reported by the Tennessee Valley Authority ($333,000,000 through fiscal 1969) and the U.S. portion of construction costs for the St. Lawrence Seaway ($132,000,000 through fiscal year 1969). Thus far at least, toll revenues on the seaway have failed by a wide margin to cover total annual costs as contemplated by law.

[2] State and local expenditures for years 1954–67 are for water transport and terminal facilities. Expenditures not available prior to 1954 and since 1967 but are here estimated.

[3] Not available.

Sources: Federal expenditures from annual reports of the Chief of Engineers, U.S. Army, and budgets of the U.S. Government. State and local expenditures for years 1954–67 are from Government Finances, published annually by the Bureau of the Census.

TABLE 7.—INLAND AND INTRACOASTAL WATERWAYS

Expenditures for years—	Federal [1]	State and local [2]	Total
Prior to 1947	$1,375,000,000		
1947	47,600,000		
1948	61,900,000		
1949	85,900,000		
1950	101,900,000		
1951	109,500,000		
1952	115,000,000		
1953	145,100,000		
1954	54,000,000		
1955	57,200,000		
1956	78,300,000		
1957	106,100,000		
1958	119,100,000		
1959	145,000,000		
1960	157,000,000		
1961	160,700,000		
1962	165,500,000		
1963	168,300,000		
1964	178,300,000		
1965	213,800,000		
1966	219,300,000		
1967	207,100,000		
1968	209,500,000		
1969 (estimated)	212,300,000		
Total	4,493,400,000		

[1] Does not include Great Lakes and coastal harbors. Expenditures for inland and intracoastal waterways prior to 1955 were estimated by the Corps of Engineers at 53.5 percent of the total waterway expenditures. Data shown for subsequent years assumes the same proportion of the total expenditures were for inland and intracoastal waterways.

[2] Not available separately for inland and intracoastal facilities. See table 6.

[3] Not available.

Sources: Annual reports of the Chief of Engineers, U.S. Army, and budgets of the U.S. Government.

TABLE 8.—MERCHANT MARINE

Expenditures for years	Federal [1]	State and local [2]	Total
1916 to 1947	$16,843,000,000		$16,843,000,000
1947	[3] (281,000,000)		[3] (281,000,000)
1948	183,000,000		183,000,000
1949	124,000,000		124,000,000
1950	100,000,000		100,000,000
1951	101,000,000		101,000,000
1952	230,000,000		230,000,000
1953	235,000,000		235,000,000
1954	153,000,000		153,000,000
1955	163,000,000		163,000,000
1956	220,000,000		220,000,000
1957	181,000,000		181,000,000
1958	174,000,000		174,000,000
1959	202,000,000		202,000,000
1960	270,000,000		270,000,000
1961	282,000,000		282,000,000
1962	358,000,000		358,000,000
1963	365,000,000		365,000,000
1964	307,000,000		307,000,000
1965	337,000,000		337,000,000
1966	303,000,000		303,000,000
1967	284,000,000		284,000,000
1968	314,000,000		314,000,000
1969 (estimated)	309,000,000		309,000,000
Total	21,757,000,000		21,757,000,000

[1] Expenditures for years 1916–26 are those of the U.S. Shipping Board and U.S. Shipping Board Emergency Fleet Corporation. Expenditures for years 1927–32 are those of U.S. Shipping Board and Merchant Fleet Corporation which functions were transferred to the Department of Commerce in June 1933. Expenditures for years 1933–38 are those of the U.S. Shipping Board Bureau and the U.S. Maritime Commission (established in 1936). Expenditures for years 1939–54 are described as "Promotion of Merchant Marine" (functional code 451) by the Bureau of the Budget, which exclude accounts charged to national defense. Expenditures for years 1955 to date also exclude defense functions and are described as "Promotion of Water Transportation—Maritime Activities" (functional code 511 through 1958, 510 through 1960, and 502 to date).

[2] None.

[3] Excess of repayments and collections over expenditures.

Sources: Budgets of the U.S. Government for years 1928, 1935, 1941, 1948, and 1956 to date.

TABLE 9 —COAST GUARD

Expenditures for years—	Federal [1]	State and local [2]	Total
1921 to 1947	$2,443,000,000		$2,443,000,000
1947	142,000,000		142,000,000
1948	106,000,000		106,000,000
1949	132,000,000		132,000,000
1950	149,000,000		149,000,000
1951	162,000,000		162,000,000
1952	205,000,000		205,000,000
1953	230,000,000		230,000,000
1954	222,000,000		222,000,000
1955	190,000,000		190,000,000
1956	189,000,000		189,000,000
1957	114,000,000		194,000,000
1958	219,000,000		219,000,000
1959	229,000,000		229,000,000
1960	238,000,000		238,000,000
1961	276,000,000		276,000,000
1962	284,000,000		284,000,000
1963	297,000,000		297,000,000
1964	350,000,000		350,000,000
1965	386,000,000		386,000,000
1966	405,000,000		405,000,000
1967	497,000,000		497,000,000
1968	545,000,000		545,000,000
1969 (estimated)	574,000,000		574,000,000
Total	8,664,000,000		8,664,000,000

[1] Expenditures by the U.S. Treasury and U.S. Navy for the Coast Guard, described as "Provision of Navigation Aids and Facilities—Coast Guard" or "Promotion of Water Transportation—Coast Guard," which exclude those accounts charged to national defense by the Bureau of the Budget.

[2] None.

Sources: Budgets of the U.S. Government for years 1935, 1941, 1943, and 1948 to date.

TABLE 10.—PRIVATE EXPENDITURES FOR CONSTRUCTION, MAINTENANCE, AND TAXES ON ROADWAY FACILITIES—CLASS I LINE-HAUL RAILROADS IN THE UNITED STATES

Calendar year—	Maintenance [1]	Construction [2]	Taxes [3]	Total
1921 to 1947	$16,573,389,000	$5,966,706,000	$3,077,400,000	$25,617,495,000
1947	997,650,000	235,016,000	128,100,000	1,360,766,000
1948	1,116,459,000	288,084,000	139,500,000	1,544,043,000
1949	1,059,227,000	262,076,000	143,600,000	1,464,903,000
1950	1,059,910,000	235,591,000	148,100,000	1,443,601,000
1951	1,222,516,000	296,108,000	156,600,000	1,675,224,000
1952	1,257,946,000	359,325,000	160,500,000	1,777,771,000
1953	1,313,369,000	321,811,000	164,000,000	1,799,180,000
1954	1,107,113,000	286,541,000	163,800,000	1,557,454,000
1955	1,136,614,000	291,544,000	171,000,000	1,599,158,000
1956	1,151,504,000	362,876,000	177,500,000	1,691,880,000
1957	1,178,560,000	342,792,000	182,700,000	1,704,052,000
1958	985,040,000	231,798,000	180,100,000	1,396,938,000
1959	997,615,000	217,267,000	183,100,000	1,397,982,000
1960	956,322,000	252,636,000	181,400,000	1,390,358,000
1961	883,308,000	194,250,000	174,300,000	1,251,858,000
1962	915,593,000	181,106,000	166,600,000	1,263,299,000
1963	935,430,000	167,590,000	157,700,000	1,260,720,000
1964	985,728,000	224,860,000	157,500,000	1,368,088,000
1965	994,342,000	255,042,000	161,500,000	1,410,884,000
1966	1,052,777,000	296,114,000	155,300,000	1,504,191,000
1967	1,048,610,000	320,920,000	166,300,000	1,535,830,000
1968 (estimate)	1,158,216,000	314,000,000	166,700,000	1,638,916,000
Total	40,087,238,000	11,904,053,000	6,663,300,000	58,654,591,000

[1] Expenditures for maintenance of way and structures other than stations, office buildings, shops, and enginehouses. Depreciation, amortization, and retirements excluded.

[2] Gross capital expenditures for roadway and structures, excluding stations, office buildings, shops, and enginehouses except 1921 through 1928 for which years expenditures on stations and office buildings are not separately available and in 1921 for which year expenditures on shops and enginehouses are not separately available.

[3] Estimated taxes chargeable to roadway and track properties only. Estimates are computed on basis of ratio (45.8 percent) of such taxes to total State and local taxes in 1957 as reported by the railroads to the A.A.R.

Sources: Interstate Commerce Commission reports except construction for years prior to 1950 and taxes, which are based on reports by railroads to the Economics and Finance Department, A.A.R.

TABLE 11.—COSTS AND TAXES FOR RIGHT-OF-WAY, RAILROADS VERSUS MOTOR CARRIERS, CALENDAR YEAR 1965 [1]

Item	Class I railroads		Class I intercity motor carriers of property	
	Amount (in thousands)	Ratio to revenues (percent)	Amount (in thousands)	Ratio to revenues (percent)
1. Total operating revenues	$10,207,850	100.0	$7,130,734	100.0
2. Right-of-way costs and taxes:				
(a) Annual carrying charge on investment in way [2]	589,974	5.8		
(b) Maintenance expenses—way [3]	1,144,306	11.2		
(c) Crossing protection and drawbridge operation [4]	22,005	.2		
(d) Payroll taxes (applicable to items 2b and 2c)	46,148	.5		
(e) Property taxes—way [5]	161,500	1.6		
3. User taxes:				
(a) Gasoline, other fuel, and oil taxes	([6])	([6])	[7] 157,610	2.2
(b) License, registration fees, mileage tax, etc			[8] 137,810	1.9
(c) Tolls (bridge, tunnel, highway, ferry)			[9] 51 700	.7
(d) Other Federal excise taxes			[10] 29,426	.4
4. Total costs and taxes for right-of-way	1,963,993	19.2	376,546	5.3

[1] Latest available data for motor carriers.

[2] Calculated at 4 percent on depreciated investment in roadway and tracks (exclusive of stations, office buildings, etc.).

[3] Maintenance expenses, way, exclude maintenace of stations, shops, office buildings, and other facilities not forming part of roadway tracks, yard track and appurtenances. Depreciation and retirements included.

[4] Operations only, exclusive of maintenance and carrying charges included in items 2a and 2b above.

[5] Represents ad valorem or equivalent taxes on roadway and track properties estimated at 45.8 percent to total State and local taxes.

[6] Not available.

[7] Includes $59,087,783 of Federal motor fuel and oil taxes.

[8] Includes $17,895,488 of Federal tax on trucks exceeding 26,000 lbs. gross weight.

[9] Toll expense derived from toll receipts paid by all vehicles as reported in Bureau of Public Roads' release dated Nov. 17, 1967, Table HF-1, on basis of estimated portion paid by class I motor carriers of property.

[10] Estimated at 49.8 percent of Federal motor fuel and oil taxes, based on such ratio shown for typical 4-axle tractor semi-trailers in "Supplementary Report of the Highway Cost Allocation Study," H.Doc. 124, 89th Cong., 1st sess., table 82, p. 315.

Source: For class I railroads, data from Interstate Commerce Commission, Transport Statistics in the United States pt. 1—railroads, calendar years 1964 and 1965. For class I intercity motor carriers of property, data from same publication, pt. 7—motor carriers, calendar year 1965, and other data indicated in footnotes.

APPENDIX B

RELATIONSHIP OF RAIL TON-MILES TO TOTAL INTERCITY TON-MILES AND RAILROAD RATE OF RETURN 1947–67

Year	Ex parte proceeding	Total intercity ton-miles (billions)	Rail ton-miles (billions)	Rail percent of total	Rate of return
1947	148, 162	1,019	665	65.3	3.44
1948	166, 166–A, 166–B, 166–C	1,045	647	61.9	4.24
1949	168, 168–A	917	535	58.3	2.86
1950		1,063	597	56.2	4.23
1951	175, 175–A	1,177	655	55.6	3.69
1952	175–B	1,145	623	54.4	4.16
1953		1,203	614	51.0	4.19
1954		1,123	557	49.6	3.28
1955	175–C	1,274	631	49.5	4.22
1956	196–A, 206	1,356	656	48.4	3.95
1957	206–A	1,336	626	46.9	3.36
1958	212	1,216	559	46.0	2.76
1959		1,286	582	45.3	2.72
1960	223	1,314	579	44.1	2.13
1961		1,310	570	43.5	1.97
1962		1,371	600	43.8	2.74
1963		1,453	629	43.3	3.12
1964		1,543	666	43.2	3.16
1965		1,638	709	43.3	3.69
1966		1,748	751	43.0	3.90
1967 [1]	256	1,749	731	41.8	[2] 2.45

[1] Preliminary.
[2] Estimate.

Source: Transportation Facts & Trends, 5th Edition, April 1968, Transportation Association of America. Yearbook of Railroad Facts, Association of American Railroads, 1968 Edition. Yearbook of Railroad Information, Eastern Railroad Presidents Conference, 1953 Edition.

SELECTED STATISTICS OF CLASS I LINE-HAUL RAILROADS IN THE UNITED STATES, YEARS 1960–68

Year	Carloads of revenue freight originated (thousands)	Revenue ton miles (millions)	Freight revenue (millions)	Net railway operating income before Federal income tax (thousands)	Federal income tax (thousands)	Net railway operating income (thousands)	Investment in property used in transportation operations less depreciation and amortization [1] (thousands)	Ratio of net railway operating income to investment in property used in transportation operations less depreciation and amortization (percent)
1968	[2] 27,623	744,479	$9,750	$743,701	$66,078	$677,623	$26,903,000	2.52
1967	27,516	719,397	9,130	742,751	[3] 66,317	676,434	27,241,987	2.48
1966	28,912	738,252	9,281	1,232,188	186,325	1,045,863	26,699,511	3.92
1965 [4]	28,344	697,736	8,836	1,125,172	163,656	961,516	25,793,676	3.73
1964	28,303	659,327	8,455	956,132	137,919	818,213	25,394,471	3.22
1963	27,489	621,659	8,146	969,767	164,109	805,658	26,266,191	3.07
1962	27,110	592,862	7,991	882,465	156,786	725,679	26,185,903	2.77
1961	26,504	563,361	7,739	780,227	242,456	537,771	26,372,540	2.04
1960	27,887	572,309	8,025	786,919	202,903	584,016	26,396,665	2.21

[1] Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.
[2] Preliminary.
[3] Excludes income taxes on extraordinary and prior period items.
[4] This effective Jan. 1, 1965, the revenue qualification of a class I railroad was increased from average annual operating revenues of $3,000,000 or more to $5,000,000 or more.

SELECTED STATISTICS FOR PENN CENTRAL CO., YEARS 1960–68 [1]

Year	Carloads of revenue freight originated (thousands)	Revenue ton miles (millions)	Freight revenue (thousands)	Net railway operating income before Federal income tax (thousands)	Federal income tax (thousands)	Net railway operating income [2] (thousands)	Investment in property used in transportation operations less depreciation and amortization [3] (thousands)	Ratio of net railway operating income to investment in property used in transportation operations less depreciation and amortization (percent)
1968	3,248	86,561	$1,251,816	−$45,359	−$18,366	−$26,993	$4,059,017	----------
1967	3,385	89,630	1,214,693	9,893	−7,632	17,525	4,029,179	.43
1966	3,654	92,060	1,248,544	99,032	−14,626	113,658	4,101,664	2.77
1965	3,731	89,127	1,221,557	88,197	−7,654	95,851	3,991,399	2.40
1964	3,717	83,600	1,171,256	70,374	−2,982	73,356	3,859,375	1.90
1963	3,557	78,806	1,117,371	47,431	−2,502	49,933	4,119,263	1.21
1962	3,500	76,698	1,122,771	30,312	−213	30,525	4,164,032	.73
1961	3,298	72,722	1,072,590	16,024	−1,316	17,340	4,249,311	.41
1960	3,552	75,104	1,143,781	19,418	−977	20,395	4,292,865	.48

[1] Data shown for years 1960 through 1967 obtained by combining Pennsylvania RR. Co. and New York Central RR. Co. for those years.

[2] Federal income tax results in a credit, or an increase in net railway operating income for certain years (as indicated by minus symbol). This is due primarily to benefits resulting from use of accelerated depreciation for income tax purposes and different bases used for book depreciation.

[3] Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.

Note: Excludes New York, New Haven & Hartford RR. Co. which reported separately for 1968. See attached table for New Haven.

SELECTED STATISTICS FOR THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD CO. YEARS 1960–68

Year	Carloads of revenue freight originated (thousands)	Revenue ton miles (millions)	Freight revenue (thousands)	Net railway operating income before Federal income tax [1] (thousands)	Federal income tax (thousands)	Net railway operating income [1] (thousands)	Investment in property used in transportation operations less depreciation and amortization [2] (thousands)	Ratio of net railway operating income to investment in property used in transportation operations less depreciation and amortization (percent)
1968	135	2,913	$63,821	$24,396	$181	−$24,215	([3])	----------
1967	130	2,928	62,105	20,369	190	−20,179	306,633	----------
1966	148	3,140	66,281	13,377	333	−13,044	315,419	----------
1965	145	2,986	64,176	16,667	659	−16,008	328,723	----------
1964	149	2,961	63,784	17,168	112	−17,056	361,090	----------
1963	149	2,812	63,541	−10,220	−130	−10,090	386,729	----------
1962	159	2,850	67,304	11,720	206	−11,514	394,127	----------
1961	159	2,765	67,254	19,614	37	−19,577	430,376	----------
1960	170	2,809	71,006	16,779	154	−16,625	437,207	----------

[1] Federal income tax results in a credit, or an increase in net railway operating income for certain years (as indicated by minus symbol). This is due primarily to benefits resulting from use of accelerated depreciation for income tax purposes and different bases used for book depreciation.

[2] Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.

[3] Data not reported.

SELECTED STATISTICS FOR WESTERN PACIFIC RAILROAD, YEARS 1960–68

Year	Carloads of revenue freight originated (thousands)	Revenue ton miles (millions)	Freight revenue (thousands)	Net railway operating income before Federal income tax [1] (thousands)	Federal income tax (thousands)	Net railway operating income (thousands)	Investment in property used in transportation operations less depreciation and amortization [2] (thousands)	Ratio of net railway operating income to investment in property used in transportation operations less depreciation and amortization (percent)
1968	74	4,898	$64,253	$5,680	—$554	$6,234	$181,008	3.44
1967	66	4,400	55,561	1,133	[3] —2,666	3,999	181,107	2.21
1966	72	4,647	60,042	9,297	953	8,344	179,471	4.65
1965	69	4,495	55,922	9,025	1,168	7,857	174,231	4.51
1964	67	4,176	49,472	4,733	—645	5,378	167,648	3.21
1963	70	4,122	51,854	8,537	1,330	7,207	177,615	4.06
1962	68	3,901	50,711	8,486	884	7,602	176,121	4.32
1961	67	3,858	50,268	8,978	3,061	5,917	175,663	3.37
1960	65	3,636	48,580	5,568	137	5,431	175,634	3.09

[1] Federal income tax results in a credit, or an increase in net railway operating income for certain years (as indicated by minus symbol. This is due primarily to benefits resulting from use of accelerated depreciation for income tax purposes and different bases used for book depreciation.

[2] Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.

[3] Excludes income taxes on extraordinary and prior period items.

SELECTED STATISTICS FOR NORTHERN PACIFIC RAILWAY COMPANY, YEARS 1960–68

Year	Carloads of revenue freight originated (thousands)	Revenue ton miles (millions)	Freight revenue (thousands)	Net railway operating income before Federal income tax [1] (thousands)	Federal income tax (thousands)	Net railway operating income [1] (thousands)	Investment in property used in transportation operations less depreciation and amortization [2] (thousands)	Ratio of net railway operating income to investment in property used in transportation operations less depreciation and amortization (percent)
1968	429	14,511	$195,926	$16,175	$1,684	$14,491	$773,641	1.87
1967	427	13,629	179,507	10,251	—3,075	13,326	752,424	1.77
1966	439	14,313	189,783	25,031	3,990	21,041	727,045	2.89
1965	425	13,783	178,006	21,333	3,180	18,153	699,573	2.59
1964	438	12,955	164,168	14,279	1,400	12,879	670,442	1.92
1963	413	12,147	160,837	14,480	326	14,154	682,621	2.07
1962	391	11,400	153,638	12,598	—1,222	13,820	684,028	2.02
1961	388	10,485	145,452	9,257	671	8,586	681,752	1.26
1960	396	11,360	155,557	13,120	3,004	10,116	680,544	1.49

[1] Federal income tax results,in a credit, or an increase in net railway operating income for certain years (as indicated by minus symbol). This is due primarily to benefits resulting from use of accelerated depreciation for income tax purposes and different bases used for book depreciation.

[2] Includes allowance forjworking capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.

SELECTED STATISTICS FOR SEABOARD COAST LINE RAILROAD CO., YEARS 1960–68 [1]

Year	Carloads of revenue freight originated (thousands)	Revenue ton miles (millions)	Freight revenue (millions)	Net railway operating income before Federal income tax [2] (thousands)	Federal income tax (thousands)	Net railway operating income [2] (thousands)	Investment in property used in transportation operations less depreciation and amortization [3] (thousands)	Ratio of net railway operating income to investment in property used in transportation operations less depreciation and amortization (percent)
1968	1,548	30,047	$389,460	$21,722	[4] —$2,465	$24,187	$999,636	2.42
1967	1,619	30,180	368,195	30,573	632	29,941	1,029,078	2.91
1966	1,552	28,779	345,841	42,936	2,651	40,285	1,026,778	3.92
1965	1,542	26,852	324,576	42,695	5,050	37,645	956,123	3.94
1964	1,445	24,881	304,508	38,388	4,840	34,548	890,467	3.88
1963	1,421	23,675	293,241	39,942	5,687	34,255	900,993	3.80
1962	1,365	21,635	281,971	40,138	5,908	34,230	889,340	3.85
1961	1,319	20,013	265,695	37,810	12,415	25,395	881,079	2.88
1960	1,362	19,874	264,766	31,131	5,792	25,339	902,633	2.81

[1] Data shown for the years 1960 through 1966 obtained by combining Atlantic Coast Line RR. and Seaboard Air Line RR. data for those years.

[2] Federal income tax results in a credit, or an increase in net railway operating income for certain years (as indicated by minus symbol). This is due primarily to benefits resulting from use of accelerated depreciation for income tax purposes and different bases used for book depreciation.

[3] Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.

[4] Excludes income taxes on extraordinary and prior period items.

SELECTED STATISTICS FOR ILLINO'S CENTRAL RAILROAD CO., YEARS 1960–68

Year	Carloads of revenue freight originated (thousands)	Revenue ton miles (millions)	Freight revenue (millions)	Net railway operating income before Federal income tax [1] (thousands)	Federal income tax (thousands)	Net railway operating income [1] (thousands)	Investment in property used in transportation operations less depreciation and amortization [2] (thousands)	Ratio of net railway operating income to investment in property used in transportation operations less depreciation and amortization (percent)
1968	1,097	22,901	$264,144	$17,582	$1,651	$15,931	$761,574	2.09
1967	1,108	21,655	256,144	25,394	[3] 4,048	21,346	728,830	2.93
1966	1,091	22,061	251,903	27,460	2,396	25,064	695,306	3.60
1965	1,075	21,187	238,774	25,061	2,707	22,354	671,813	3.33
1964	1,087	19,863	231,402	17,343	—667	18,010	658,475	2.74
1963	1,114	19,582	223,363	26,574	2,469	24,105	721,364	3.34
1962	1,057	19,028	216,109	25,252	2,523	22,729	711,000	3.20
1961	1,022	16,954	203,177	21,776	4,896	16,880	710,135	2.38
1960	1,065	17,171	209,462	15,948	2,176	13,772	707,643	1.95

[1] Federal income tax results in a credit, or an increase in net railway operating income for certain years (as indicated by minus symbol). This is due primarily to benefits resulting from use of accelerated deprectiaion for income tax purposes and different bases used for book depreciation.

[2] Includes allowance for working capital. Figures for 1964 and prior years include present value of land; figures for 1965 and subsequent years include original cost of land.

[3] Excludes income taxes on extraordinary and prior period items.

Appendix C

PROCEEDINGS UNDER SEC. 13a OF THE INTERSTATE COMMERCE ACT

	As of Sept. 15, 1969		As of June 30, 1969	
	Proceedings	Trains involved	Proceedings	Trains involved
1. Interstate trains:				
(a) Notices:				
Pending	0	0	7	14
Becoming effective without investigation	[1] 69	156	[1] 67	152
Dismissed without investigation	7	100	7	100
Investigations instituted	264	1,247	247	1,207
Total	340	1,503	328	1,473
(b) Investigations:				
Discontinuance permitted	143	581	139	573
Continuance required	57	459	56	457
Proceedings involving both continuance and discontinuance	[2] 22		[2] 22	
Dismissed	9	129	8	127
Withdrawn	8	22	8	22
Pending	25	56	14	28
Total	264	1,247	247	1,207
2. Intrastate trains:				
Pending petitions	3	8	3	8
Petitions granted	26	335	26	335
Petitions denied		46	5	46
Petitions granted in part, denied in part	[3] 4		[3] 4	
Withdrawn	2	16	2	16
Dismissed	15	69	15	69
Total	55	474	55	474

[1] Includes a ferry discontinuance proceeding in which no train was involved.
[2] Trains involved in these proceedings are counted under the designations "discontinuance permitted" or "continuance required."
[3] These trains are counted under the designations "petitions granted" or "petitions denied."

Source: Prepared by Interstate Commerce Commission.

STATUS OF PROCEEDINGS UNDER SECTION 13a(2)

F.D. Number	Railroad and points served	Filed	Hearing	Examiner's report	Decision	Action	Number of trains
20416	Northern Pacific Co., Valley City-McHenry N. Dak.	Nov. 24, 1958	Mar. 26, 1959	July 13, 1959	Oct. 28, 1960	Dismissed, 312 I.C.C. 311	2
20417	Northern Pacific Co., Jamestown-Wilton, N. Dak	do	Mar. 20, 1959	June 24, 1959	Oct. 21, 1960	Dismissed, 312 I.C.C. 309	2
20418	Northern Pacific, Fargo-Streeter, N. Dak	do	Mar. 24, 1959	July 13, 1959	Aug. 29, 1960	Granted	2
20419	Northern Pacific Co., Jamestown-Oakes, N. Dak	do	Mar. 23, 1959	July 6, 1959	May 10, 1961	Denied, 312 I.C.C. 559	2
20420	Northern Pacific Co., Jamestown-Leeds, N. Dak	do	Mar. 19, 1959	June 24, 1959	Aug. 29, 1960	Granted	2
20421	Northern Pacific Co., Carrington-Turtle Lake, Esmond-Oberon, N. Dak., Oberon-Leeds, N. Dak., Jamestown-Oberon, N. Dak.	do	Mar. 17, 1959	June 10, 1959	Aug. 1, 1960	Dismissed, 312 I.C.C. 150	(1)
20422	Northern Pacific Co., Fargo-Marion, N. Dak	do	Mar. 25, 1959	July 31, 1959	Oct. 25, 1960	Dismissed	(2)
20503	Southern Pacific Co., Oakland-Sacramento, Calif., Los Angeles-Sacramento, San Francisco-San Jose.	Jan. 19, 1959	May 18, 1959	Dec. 18, 1959	July 21, 1960	Granted 312 I.C.C. 631 320 I.C.C. 59.	3 6
20524	New York Central, Utica-Ogdensburg, N.Y. Syracuse-Massena, N.Y.	Jan. 30, 1959	Apr. 13, 1959	Aug. 5, 1959	Mar. 28, 1960	Denied, 312 I.C.C. 4	8
20553	Pennsylvania Railroad Co., Camden-Pemberton, N.J.	Feb. 25, 1959	Apr. 27, 1959	Aug. 24, 1959	June 6, 1960	Granted	2
20592	Missouri Pacific Co., Atchison-Downs, Kans	Mar. 24, 1959	June 11, 1959	Sept. 10, 1959	May 25, 1960	Granted 312 I.C.C. 105	2
20606	Pennsylvania Railroad Co., Trenton-Red Bank, N.J.	Apr. 15, 1959	July 30, 31, 1959	Dec. 4, 1959	Dec. 28, 1961	Granted 317 I.C.C. 5	2
20731	Pennsylvania Railroad Co., Camden-Trenton, N.J.	July 24, 1959	Nov. 30, 1959	Apr. 8, 1960	Aug. 8, 1960	Granted, 312 I.C.C. 167	2
20792	Pennsylvania Railroad Co., Harrisburg-Williamsport, Pa.	Aug. 25, 1959	Dec. 7, 1959	May 10, 1960	Aug. 4, 1960	Granted	2
20824	Lehigh Valley Railroad Co., Lehigh-Hazelton, Pa.	Sept. 14, 1959	Dec. 3, 1959	Apr. 27, 1960	Jan. 31, 1961	Granted, 312 I.C.C. 411	4
20863	Pennsylvania Railroad Co., Trenton-Phillipsburg, N.J.	Oct. 16, 1959	Mar. 28, 1960	May 18, 1960	Sep. 15, 1960	Granted	2
20920	New York, Susquika & Western	Dec. 3, 1959				Withdrawn Jan. 14, 1960	10
21030	Southern Pacific Co., Oakland-San Jose, Calif., San Francisco-San Jose.	Feb. 24, 1960				Withdrawn, May 3, 1960	6
21039	Pennsylvania-Reading Seashore Lines, Hammonton-Camden, N.J., Hammonton-Clementon, N.J.	Mar. 3, 1960	June 20, 1960	Oct. 28, 1960	Feb. 24, 1961	Granted	4
21063	Great Northern Railway Great Falls-Butte, Mont.	Mar. 28, 1960	Aug. 1, 1960	Dec. 13, 1960	June 28, 1961	Granted, 312 I.C.C. 580	2
21275	Reading Co., Philadelphia-Bethlehem, Pa	Sept. 19, 1960	Nov. 28, 1960	Feb. 17, 1961	May 17, 1961	Granted	3
21553	Southern Railway Co., Greensboro-Goldsboro, N.C.	Apr. 6, 1961	July 11, 1961	Oct. 27, 1961	Aug. 6, 1962	Granted, 317 I.C.C. 255	2
21589	Pennsylvania Railroad Co., all trains at Pittsburgh stations.	May 5, 1961	July 10–13, Aug. 22–24, 1961.	Apr. 19, 1962	May 21, 1962	Granted 9, denied 21	30
21607	Pennsylvania-Reading, Seashore Lines	May 19, 1961	Aug. 7, 1961	(4)	Apr. 4, 1962	Dismissed, 317 I.C.C. 111	30

21770	Boston & Maine Railroad, Conway and Berlin Branches.	Sept. 25, 1961			Oct. 9, 1961	Dismissed	7
21840	Pennsylvania Railroad Co., Harrisburg- Philadelphia, Philadelphia-Pittsburgh.	Nov. 13, 1961	Apr. 26, 1962		June 10, 1963	Dismissed, 317 I.C.C. 737, 320 I.C.C. 319.	3
21972	Denver & Rio Grande, Western Railroad Co., Denver-Craig, Colo.	Feb. 19, 1962	May 28, 31, 1962		Mar. 22, 1963	Denied, 317 I.C.C. 722	2
22325	New York Central, Boston-Springfield, Mass	Oct. 24, 1962	Feb. 21 to 25, 1963	June 24, 1963	Aug. 13, 1963	Partial grant, Worcester-Springfield.	1
22742	New York Central, Syracuse-Massena, N.Y	Aug. 20, 1963	Oct. 7, 1963	Dec. 27, 1963	Jan. 27, 1964	Granted	2
22948	New York Central, Springfield-Boston, Mass	Jan. 24, 1964	Apr. 13, 1964	June 4, 1964	July 6, 1964	Partial grant Springfield-Worcester.	2
23069	Grand Trunk Western Detroit-Durand, Mich	Apr. 7, 1964	May 28, 29, 1964	July 20, 1964	Aug. 9, 1965	Application, dismissed May 3, 1967, 324 I.C.C. 498.	2
23117	Southern Pacific Co., San Jose-Monterey, Calif	May 11, 1964	Aug. 6, 11, 1964	Nov. 5, 1964	Sept. 22, 1965	Denied, 324 I.C.C. 577	
22889	New York Central Railroad Co. Hudson-Albany,	December 6, 1963	April 14, 1964	February 25, 1965	April 2, 1965	Granted	2
23170	Boston & Maine Corp., Boston-all points in Massachusetts.	June 17, 1964	September 21 to 25, 1964, October 5 to 7, 26 to 30, 1964.		January 15, 1965	Granted 324 I.C.C. 705	229
23195	New York, New Haven & Hartford Railroad, Boston-Needham Heights, West Medway, Blackstone and Dedham, Mass.	July 6, 1964	October 11 to 16, 1964, February 24, 1965.	(4)	November 3, 1965	Granted, 327 I.C.C. 77	37
23321	Atchison, Topeka & Santa Fe Railroad, Newton-Kinsley, Kans.	October 5, 1964	January 14, 1965	April 22, 1965	May 24, 1965	Granted	2
23395	Erie-Lackawanna Railroad Co., Buffalo-Hornell, N.Y.	November 20, 1964	January 21, 22, 1965	April 14, 1965	October 27, 1965	Granted 330 I.C.C. 400	2
23464	Southern Pacific Co., Los Angeles-Oakland, Calif.	January 18, 1965	March 29, 1965		May 10, 1965	Dismissed	2
23542	Canadian Pacific Ry. Co., Wells River, Vt.-Canadian border.	March 8, 1965			July 30, 1965	do	
23573	Atchison, Topeka & Santa Fe Los Angeles-San Diego, Calif.	Mar. 29, 1965			Oct. 12, 1966	Dismissed	5
23707	Soo Line Railroad Co., St. Paul-Noyes, Minn	June 22, 1965	Oct. 18, 20, 22, 1965	July 5, 1966	Jan. 26, 1967	Granted, 328 I.C.C. 610	2
23924	Chesapeake & Ohio Ry. Grand Rapids-Traverse City, Mich.	Dec. 14, 1965	Feb. 23, 1966	May 12, 1966	Oct. 12, 1966	Granted	2
24007	Atlantic Coast Line Railroad Co.-Jacksonville and St. Petersburg, Fla.	Feb. 7, 1966	Apr. 25, 28, 1966	Jan. 16, 1967	Apr. 3, 1967	do	2
24156	Northern Pacific Ry. Co. Mandan and Mott, N. Dak.	May 13, 1966			June 28, 1966	Dismissed	2
24289	The Baltimore & Ohio RR Co. Parkersburg and Huntington, W.Va.	Aug. 9, 1966	[5] Jan. 16, 1967		Jan. 16, 1967	do	2
24633	Atlantic Coast Line Railroad Co., Wilmington and Rocky Mountain, N.C.	June 16, 1967	Sept. 18, 1967	Jan. 25, 1968	Feb. 26, 1968	Granted	2
24724	Northern Pacific Ry. Co. Nos. 11 & 12 between Little Falls, Minn. and International Falls, Minn.	Aug. 31, 1967	Dec. 11 to 14, 1967	June 14, 1968	July 15, 1968	Granted, RRO Eff	2

F.D. Number	Railroad and points served	Filed	Hearing	Examiner's report	Decision	Action	Number of trains
24726	Chicago & Eastern Ill. RR Co., Chicago and Danville, Ill.	Aug. 31, 1967, Sept. 3, 1968.	October 30 to November 1967.	Feb. 13, 1968	Aug. 14, 1968, Petition denied, Dec. 23, 1968.	Denied, 333 I.C.C. 626	2
24804	New York Central RR Co., Nos. 407, 409, 420, 431, 432, 442, 449, 451, and 490, between Worcester and Framingham and Framingham and Boston, Mass.	Oct. 31, 1967, Dec. 16 to 18, 1968	Jan. 15 to 18, 1968	Apr. 4, 1968	Nov. 12, 1968	Denied, 6 trains, Granted, 3 trains, 333 I.C.C. 882. Feb. 7, 1969 pet for recons denied.	9
24926	Southern Pacific Co., Nos. 75 and 76 (Lark), between San Francisco and Los Angeles, Calif.	Jan. 19, 1968			May 14, 1968	Dismissed	2
25040	Atchison, Topeka & Santa Fe Ry. Co., Nos. 42 and 47, between Phoenix and Williams Junction, Ariz.	Mar. 29, 1968	June 5 to 7, 1968	Oct. 23, 1968	Mar. 20, 1969	Granted, 334 I.C.C. 301	2
25134	Atchison, Topeka & Santa Fe Ry. Co., Nos. 15 and 14, between Williams Junction and Grand Canyon, Ariz.	June 3, 1968				Dismissed, Oct. 18, 1968	2
25282	Missouri Pacific RR. Co., Nos. 17 and 14, and 15 and 16, between St. Louis and Kansas City, Mo.	Sept. 3, 1968	Nov. 18 to 25, 1968	Apr. 11, 1969–G			4
25547	Atchison, Topeka & Santa Fe Ry. Co, Nos. 191–190 and 201–200, between Denver and La Junta, Colo.	Feb. 19, 1969	June 9 to 13, 1969				2
25558	Penn Central Co., Nos. 24 and 33, between Pittsburgh and Philadelphia, Pa.	Feb. 24, 1969	May 12, to 16, 1969				2

[1] Discontinuance, of 4 mixed trains and reduction of 4 freight trains to triweekly service.
[2] 2 mixed trains to discontinue passenger service and reduce freight service to triweekly.
[3] Reopened for reconsideration on present record on 2 additional trains, Nov. 21, 1960.
[4] Waived.
[5] Canceled.
[6] Petition for reconsideration.

Status of Proceedings Under Section 13a(1) (Interstate Trains)

F.D. No.	Railroad & points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
20291	New York Central R. Weehawken Ferry	8/13/58	9/13/58	9/2/58				Granted 1/13/60 307 I.C.C. 814
20295	Erie Railroad & New York Susquehanna & Western Hudson River Ferry	8/14/58	9/14/58	No				Granted 8/26/58
20348	Great Northern Ry. Williston, N. D.- Sidney, Mont. Waterford, N. D. - Richey, Mont.	9/19/58	10/20/58	10/7/58	2/20/59	11/17-19/58	2	Granted 2/6/59 307 I.C.C. 59,74
20354	Southern Pacific Los Angeles, Calif.- Tucumcari, N. M.	9/25/58	10/26/58	No			2	Service at certain stations (45) discontinued 10/24/58
20377	Minneapolis & St. Louis Minneapolis - Des Moines	10/14/58	11/22/58	11/5/58	3/22/59	12/10-11/58	2	Granted 3/16/59 307 I.C.C. 79
20400	Minneapolis, St. Paul & Sault Ste. Marie Minneapolis-Enderlin, N.D.	11/3/58	12/8/58	11/24/58	4/8/59	1/26/59	2	Granted 4/2/59 307 I.C.C. 125
20407	Minneapolis, St. Paul & Sault Ste. Marie Thief River Falls - Duluth, Minn. & Superior, Wis.	11/3/58	12/29/58	12/5/58	4/29/59	1/21/59	2	Granted 4/13/59 307 I.C.C. 805

F.D. No.	Railroad & points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
20414	Northern Pacific Staples, Minn.- Oakes, N. D.	11/24/58	12/27/58	12/15/58	4/27/59	1/29/59	2	Granted 4/13/59 307 I.C.C. 805
20415	Northern Pacific Mandan, N. D. - Glendive, Mont.	11/24/58	12/28/58	12/15/58	4/28/59	2/2/59	2	Granted 4/14/59 307 I.C.C. 805
20430	Louisville & Nashville Ocean Springs, Miss. - New Orleans, La.	12/1/58	1/2/59	12/18/58	5/2/59	1/20/59	2	Partial continuance required for one year 4/22/59 307 I.C.C. 173
20435	New York Central Pittsfield, Mass. - Albany, N. Y.	12/4/58	1/5/59	12/19/58	5/5/59	1/29/59	2	Partial continuance required 4/13/59 307 I.C.C. 167
20443	Lehigh Valley All passenger operations	12/9/58	1/12/59	12/23/58	5/12/59	2/2,5,10/59	10	6 granted 4 denie (See F.D. 21260) 5/1/59 307 I.C.C. 239-257
20444	Southern Pacific San Francisco, Calif.- Portland, Oreg.	12/9/58	1/15/59	1/4/59	5/15/59	2/10/59	2	Partially granted (Seasonal) 5/6/59 307 I.C.C. 209
20461	Texas & Pacific Texarkana, Ark. - Longview, Tex.	12/19/58	1/20/59	1/8/59	5/20/59	2/24/59	2	Granted. 5/12/59 307 I.C.C. 259

F. D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
20485	Southern Pacific El Paso, Tex. - Tuscon, Ariz.	1/5/59	2/5/59	1/20/59	6/5/59	2/16/59	2	Change in service permitted 5/26/59 307 I.C.C. 807
20487	New York Central Weehawken, N. J. - Haverstraw, N. Y.	1/12/59	2/12/59	1/30/59	6/12/59	4/6/59	5	Withdrawn 4/2/59
20488	Chicago & North Western Chicago, Ill. - Minneapolis, Minn.	1/12/59	2/15/59	2/4/59	6/15/59	4/7-10/59	2	Granted 6/1/59 307 I.C.C. 271
20529	New York, New Haven & Hartford Boston-Providence, R. I.	2/3/59	3/6/59	2/19/59	7/6/59	4/13/59	6 daily 8 Sat. 6 Sun.	18 granted 2 denied (Saturday trains) 7/1/59 307 I.C.C. 808, 815
20537	Louisville & Nashville Cincinnati, Ohio - Atlanta, Ga.	2/12/59	3/17/59	2/20/59	7/17/59	4/13/59	2	Granted 6/29/59 307 I.C.C. 808
20590	Missouri Pacific Little Rock, Ark. - Alexandria, La.	3/25/59	4/27/59	4/13/59	8/27/59	5/26/59	2	Granted 8/20/59 307 I.C.C. 809
20595	Louisville & Nashville Bowling Green, Ky. - Memphis, Tenn.	3/30/59	5/4/59	4/16/59	9/4/59	6/15/59	2	Continuance required for one year 9/2/59 307 I.C.C. 392

F.D.No.	Railroad & points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
20596	Missouri Pacific Kansas City, Mo. - Omaha, Nebraska	4/1/59	5/4/59	4/16/59	9/4/59	6/9/59	2	Granted 8/26/59 307 I.C.C. 809
20607	Wabash Railroad Co. Moberly, Mo. - Des Moines, Iowa	4/15/59	6/1/59	5/4/59	10/1/59	6/22/59	2	Granted 9/18/59 307 I.C.C. 352
20609	Chicago & North Western Waukegan, Ill. - Milwaukee, Wis. Chicago, Ill. - Milwaukee	4/17/59	5/17/59	4/29/59	9/17/59	6/17/59	6	Granted 9/10/59 307 I.C.C. 810
20638	Chicago & North Western Minneapolis, Minn. - Council Bluffs, Iowa	5/11/59	6/11/59	5/21/59	10/11/59	6/25/59	2	Granted 10/6/59 307 I.C.C. 463
20639	Texas & New Orleans Houston, Tex. - New Orleans, La.	5/11/59	6/11/59	5/20/59	10/11/59	7/6/59	2	Dismissed 8/6/59
20658	St. Louis Southwestern Ry. St. Louis, Mo. - Pine Bluff, Ark.	6/1/59	7/1/59	6/11/59	11/1/59	8/5/59	2	Granted 10/14/59 307 I.C.C. 639
20671	New Jersey & New York Hoboken, N. J. - Spring Valley, N.Y.	6/12/59	7/13/59	6/29/59	11/13/59	8/24/59	1	Granted 11/10/59 307 I.C.C. 532

F. D. No.	Railroad & points served	Filed	Effective date	Investigation ordered	Four mo. date	Hearing date	No. of trains	Action
20681	Chicago & North Western Chicago-Duluth, Minn. Chicago-Minneapolis Elroy, Wis. - Mankato, Minn. Mankato - Chicago	6/22/59	7/22/59	7/6/59	11/21/59	8/10,12,13/59	4	1 granted (Chicago-Minneapolis) 3 denied 11/19/59 307 I.C.C. 585
20684	Delaware, Lackawanna & Western Hoboken, N. J. - Scranton, Pa.	6/26/59	7/27/59	7/14/59	11/26/59	8/26,28/59	2	Granted 11/24/59 307 I.C.C. 627
20710	Wabash R. Co. Ft. Wayne, Ind. - Toledo, Ohio	7/2/59	8/10/59	7/28/59	12/9/59	10/5/59	2	Granted 11/30/59 307 I.C.C. 811
20711	Louisville & Nashville Montgomery, Ala. - New Orleans, La.	7/6/59	8/8/59	No	-	-	2	Granted 7/24/59
20712	New York Central Weehawken, N. J. - West Haverstraw, N. Y.	7/9/59	8/10/59	7/29/59	12/9/59	9/14/59	22	Granted 12/7/59 307 I.C.C. 811
20716	St. Louis-San Francisco Tulsa, Okla. - Dallas, Tex.	7/13/59	8/15/59	8/3/59	12/14/59	9/14/59	2	Granted 12/10/59 307 I.C.C. 477
20727	Delaware, Lackawanna & Western Scranton, Pa. - Binghamton, N. Y.	7/17/59	8/24/59	No.	-	-	1	Granted 8/7/59

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
20730	Chicago, Milwaukee, St. Paul & Pacific Madison, Wis.-Canton, S.D.	7/22/59	8/24/59	8/7/59	12/24/59	9/28,30/59	2	Granted 12/21/59 307 I.C.C. 565
20743	Chicago, Rock Island & Pacific Kansas City, Mo. - Fort Worth, Tex.	7/30/59	9/1/59	8/18/59	12/31/59	9/28,30/59	2	Continuance required for one year 12/29/59 Affirmed 11/28/60 307 I.C.C. 655 and 312 I.C.C. 324
20779	Texas & New Orleans Houston, Tex. - New Orleans, La.	8/27/59	10/1/59	9/15/59	1/31/60	11/4/59	2	Continuance required for one year 2/4/60 307 I.C.C. 725
20780	Chicago, Milwaukee, St.Paul & Pacific Milwaukee, Wis. - Channing, Mich.	8/21/59	9/23/59	9/8/59	1/22/60	10/14/59	2	Granted 1/21/60 307 I.C.C. 668
20799	Spokane, Portland & Seattle Portland, Ore. - Pasco, Wash.	8/27/59	10/1/59	No	-	-	2	Granted 9/15/59
20811	Minneapolis, St. Paul & Sault Ste. Marie Sault Ste. Marie, Mich. - Minneapolis, Minn.	9/1/59	10/2/59	9/17/59	2/1/60	11/2,4,6/59	2	Granted 1/27/60 307 I.C.C. 677
20860	Missouri Pacific Pleasant Hill, Mo. - Newport, Ark.	10/14/59	11/15/59	10/30/59	3/14/60	12/14,16/59	2	Granted 3/9/60 307 I.C.C. 787

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. or trains	Action
20861	Chicago & North Western Council Bluffs, Iowa - Chicago, Ill.	10/15/59	11/15/59	10/30/59	3/14/60	12/21/59	2	Granted 3/8/60 307 I.C.C. 775
20874	Missouri Pacific Kansas City, Mo. - Little Rock, Ark.	10/21/59	11/22/59	11/6/59	3/21/60	1/5,8/60	2	Granted 3/18/60 312 I.C.C. 31
20881	Chicago, Milwaukee, St. Paul & Pacific LaCrosse, Wis. - Austin, Minn.	10/28/59	11/30/59	11/18/59	3/30/60	1/12/60	2	Granted 3/28/60 312 I.C.C. 44
20925	Atchison, Topeka & Santa Fe and Gulf, Colo. & S.F. Kansas City, Mo. - Houston, Tex.	12/7/59	1/7/60	12/23/59	5/6/60	2/8,11/60	2	Granted 4/27/60 312 I.C.C. 79
20934	St. Louis-San Francisco Tulsa, Okla. - Ft. Scott, Kans.	12/15/59	1/16/60	12/31/59	5/15/60	2/15,18/60	2	Granted 5/6/60
21015	Minneapolis & St. Louis Minneapolis-Watertown, S. D.	2/15/60	3/21/60	3/8/60	7/20/60	4/26/60	2	Granted 6/30/60
21062	St. Louis-San Francisco St. Louis, Mo. - Memphis, Tenn.	3/25/60	4/30/60	4/15/60	8/29/60	6/15,18/60	2	Denied 8/24/60 312 I.C.C. 713

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
21105	Western Pacific Salt Lake City, Utah - Oakland, Calif.	4/25/60	6/1/60	5/17/60	9/30/60	7/25,26/60	2	Granted 9/21/60
21137	Chicago & North Western Mankato, Minn.- Rapid City, S. D.	5/25/60	6/25/60	6/13/60	10/24/60	7/27,29/60	2	Granted 10/14/60 312 I.C.C. 313
21255	Southern Pacific Consolidation of trains 27-28 with 101 and 102	8/25/60	9/25/60	9/13/60	1/24/61	11/7,11/60	2	Denied 3/27/61 312 I.C.C. 437
21260	Lehigh Valley New York, N. Y. - Suspension Bridge, N.Y. New York, N.Y.-Lehighton, Pa.	8/30/60	10/1/60	9/19/60	1/31/61	11/1-3,7/60	4	Granted 1/31/61 (See F.D. 20443) 312 I.C.C. 399
21298	New Jersey and New York Hoboken, N.J. - Spring Valley, N.Y.	9/29/60	10/29/60	No	-	-	4	Granted 10/12/60
21353	Chicago & Eastern Illinois Evansville, Ind.- Chicago, Ill.	11/14/60	12/14/60	11/29/60	4/14/61	1/23/61	2	Withdrawn 1/23/60
21366	Chicago & North Western Chicago-Duluth, Minn. Elroy, Wis.-Mankato, Minn.	11/17/60	1/4/61	12/20/60	5/4/61	2/6/61	4	Granted 4/25/61 312 I.C.C. 517

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
21391	Chicago, Milwaukee, St. Paul & Pacific Minneapolis-Tacoma, Wash.	12/6/60	1/8/61	12/23/60	5/8/61	2/13-15, 17,20, 21, 24/61	2	Partial continuance required for one year Minneapolis-Butte 5/17/61 317 I.C.C. 691
21394	Chicago & North Western Green Bay, Wis.- Ishpeming, Mich.	12/14/60	1/13/61	1/12/61	5/12/61	2/13-16/61	2	Granted 7/20/61 312 I.C.C. 621
21412	Soo Line R. St. Paul, Minn. - Superior Wis. - Duluth, Minn.	1/17/61	2/22/61	2/9/61	5/31/61	3/21,23/61	2	Granted 6/7/61 312 I.C.C. 571
21417	New York, Susquehanna & Western Butler, N.J.-New York City	12/30/60	1/30/61	No	-	-	6	Dismissed 1/18/61
21595	Missouri Pacific Kansas City, Mo. - Omaha, Nebr.	5/15/61	6/19/61	6/5/61	10/18/61	8/1,3,29/61	2	Denied 10/16/61 312 I.C.C. 765
21606	Pennsylvania Reading Seashore Lines and Pennsylvania R. Co. Atlantic City, N. J. - Philadelphia, Pa.	5/19/61	7/6/61	6/21/61	11/5/61	8/7-11/61	18	Denied 4/4/62 317 I.C.C. 111
21611	Chicago & North Western Chicago-Green Bay, Wis.	5/24/61	7/6/61	No	-	-	2	Granted 6/21/61

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
21613	Chicago, South Shore & South Bend Chicago-South Bend, Ind.	5/25/61	6/29/61	6/19/61	10/25/61	7/31/61	9	Granted 10/5/61 312 I.C.C. 655
21620	Soo Line R. St. Paul, Minn. - Portal, N. D.	6/1/61	7/2/61	6/20/61	11/1/61	8/7,9/61	2	Denied 10/31/61 312 I.C.C. 729
21695	Texas & Pacific Ft. Worth-Marshall, Tex.	7/20/61	8/22/61	No	-	-	2	Granted 8/4/61
21733	Louisiana & Arkansas Hope, Ark.,-Shreveport, La.	8/25/61	9/30/61	9/14/61	1/29/62	10/30/61	2	Granted 1/24/62 317 I.C.C. 155
21786	Boston & Maine Springfield, Mass.- Windsor, Vt.-Brattleboro, Vt.	10/9/61	11/12/61	10/30/61	3/11/62	12/11,13/61	6	Granted 3/9/62 317 I.C.C. 165
21795	Boston & Maine Lowell, Mass. - White River Junction, Vt.	10/18/61	11/20/61	No	-	-	6	Granted 11/7/61
21814	Chicago & North Western Chicago-Minneapolis, Minn. Chicago-Mankato, Minn.	10/31/61	12/1/61	11/15/61	2/25/62	1/8,10,12, 15/62	4	Denied 3/23/62 317 I.C.C. 21
21817	Boston & Maine Wells River-Berlin, N	11/1/61	12/3/61	No	-	-	2	Granted 11/20/61

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
21818	Boston & Maine Conway-Dover, N. H.	11/1/61	12/3/61	No	-	-	5	Granted 11/20/61
21844	Chicago Great Western Kansas City, Mo. - Minneapolis, Minn.	11/15/61	12/16/61	12/5/61	4/15/62	2/1,5,7,/62	2	Granted 4/3/62 317 I.C.C. 99
21936	Pennsylvania R. Harrisburg, Pa. - Hagerstown, Md.	1/24/62	2/25/62	No	-	-	2	Granted 2/8/62
21946	Southern Pacific Co. Ogden, Utah - Oakland, Calif.	2/5/62	3/8/62	2/11/62	7/7/62	4/16,19, 20/62	2	Continuance required June 14-Labor Day & December 22-January 2 for 1 year 7/6/62 317 I.C.C. 519
21958	Baltimore & Ohio Washington, D. C. - Cleveland, Ohio	2/8/62	3/10/62	2/26/62	7/9/62	4/12,16,18/62	2	Granted 10/31/62 317 I.C.C. 371,509
21986	Pennsylvania R. Buffalo, N. Y. - Harrisburg, Pa.	3/6/62	4/15/62	4/4/62	8/14/62	5/15,18,21/62	5	Denied 7/27/62
22011	Baltimore & Ohio Washington, D. C. - Baltimore, Md.	3/21/62	4/21/62	No	-	-	12	Granted 4/9/62

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
22094	Chesapeake & Ohio Washington, D. C. - Huntington, W. Va.	5/16/62	6/16/62	6/5/62	10/15/62	7/16,18, 19,20/62	2	Granted 10/11/62
22126	Chicago, Rock Island & Pacific Wichita, Kans. - Ft. Worth, Tex.	6/11/62	7/15/62	7/3/62	11/14/62	8/13,15, 16/62	2	Granted 11/27/62 317 I.C.C. 601
22152	New York Central Albany, N. Y. - Boston, Mass.	6/28/62	7/28/62	No	-	-	2	Granted 7/17/62
22171	Missouri Pacific and Illinois Central Houston, Tex.- New Orleans, La.	7/12/62	8/15/62	8/3/62	12/14/62	9/17,20/62	4	Withdrawn 8/24/62
22201	Baltimore & Ohio Washington, Baltimore & Pittsburgh (152 changes)	7/27/62	8/29/62	8/17/62	12/28/62	10/1,4,5/62	3	Granted 1/14/63 317 I.C.C. 673
22268	New York Central Elkhart, Ind. - Chicago	9/26/62	10/28/62	No	-	-	1	Granted 10/16/62
22341	Missouri Pacific Kansas City, Mo. - Omaha, Nebr.	11/8/62	1/7/63	12/19/62	5/6/63	1/30,2/1/63	2	Denied 4/26/63 320 I.C.C. 1

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
22366	New York, Chicago & St. Louis R. Buffalo-Chicago	12/3/62	1/7/63	12/19/62	5/6/63	1/24/63	2	Granted 5/15/63 317 I.C.C. 775
22418	Pennsylvania R. Pittsburg-Cleveland	1/8/63	2/10/63	1/28/63	6/9/63	2/27, 3/4/63	2	Dismissed 6/5/63 317 I.C.C. 737
22425	Chicago & North Western Chicago-Minneapolis Chicago-Mankato, Minn.	1/16/63	3/24/63	2/20/63	7/23/63	4/2,4,5, 8,10,12/63	4	Granted 7/18/63 320 I.C.C. 85
22428	Chicago, M., St. P. & P. Aberdeen, S. Dak. - Deer Lodge, Mont.	1/18/63	2/22/63	2/8/63	6/21/63	3/18,21, 25/63	2	Dismissed 6/18/63 317 I.C.C. 761
22511	Soo Line St. Paul, Minn. - Portal, N. D.	3/14/63	4/15/63	3/27/63	8/14/63	5/20,22, 23/63	2	Granted 11/27/63 320 I.C.C. 337
22551	Erie-Lackawanna R. Elmira, N.Y.-Hoboken, N. J. Danville, N. J.-Scranton, Pa. Scranton-Elmira	4/5/63	5/8/63	4/24/63	9/6/63	6/3,5,6, 10,11/63	3	1 Granted 2 partial continuance 8/27/63 324 I.C.C. 795
22552	Erie-Lackawanna R. Port Jervis, N.Y.- Susquehanna, Pa. Binghamton, N. Y.-Hoboken	4/5/63	5/8/63	4/24/63	9/6/63	6/3,5,6, 10,11/63	2	1 granted 1 partial continuance 8/27/63 324 I.C.C. 795

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
22567	Southern Pacific Houston-New Orleans	4/15/63	5/15/63	4/29/63	9/14/63	9/17,19-21/63	2	Granted 9/12/63 320 I.C.C. 302
22656	Union Pacific R. Co. Los Angeles-Ogden, Utah	6/12/63	7/15/63	6/20/63	11/14/63		4	Withdrawn 7/22/63
22722	Missouri Pacific R. Co. Lake Charles - Alexandria, La.	7/29/63	9/9/63	8/26/63	1/8/64	10/24,28/63	2	Granted 1/6/64 320 I.C.C. 383
22728	New York Central Albany, N. Y. - Boston, Mass.	7/31/63	8/31/63	8/14/63	12/30/63	10/1,3/63	2	Denied 12/24/63 320 I.C.C. 364
22757	Chicago, South Shore & South Bend Chicago-South Bend, Ind. Chicago-Michigan City, Ind. Chicago-Tremont, Ind. Chicago-Gary, Ind.	8/29/63	10/1/63	9/18/63	1/31/64	10/28/63	47	Granted 1/30/64 320 I.C.C. 440
22758	Chicago, Milwaukee, St. Paul & Pacific Aberdeen, S. D. - Deer Lodge, Mont.	8/30/63	10/1/63	9/17/63	1/31/64	10/28,31, 11/4/63	2	Granted 1/30/64 320 I.C.C. 566
22781	New York, New Haven & Hartford New London, Conn. - Worcester, Mass.	9/17/63	10/21/63	10/4/63	2/20/64	11/18,19/63	5	Denied 2/19/64 6 mo. continuance 320 I.C.C. 466

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
22782	New York, New Haven & Hartford New London, Conn. - Providence, R. I.	9/17/63	11/5/63	10/18/63	4/2/64 extended in record	1/13-17/64	3	Granted in part, denied in part 3/31/64 320 I.C.C. 714
22783	New York, New Haven & Hartford Danbury, Conn. - Pittsfield, Mass.	9/17/63	11/5/63	10/21/63	3/4/64	12/3-6/63	6	Granted in part, denied in part 3/2/64 320 I.C.C. 544
22828	New York Central Chicago - Elkhart, Ind.	10/24/63	11/25/63	11/8/63	3/24/64	1/7-10/64	3	Granted 3/19/64 320 I.C.C. 526
22843	Union Pacific R. Co. Los Angeles - Ogden, Utah	11/1/63	12/2/63	11/19/63	4/1/64	1/6-10,13/64	4	Granted 3/27/64 320 I.C.C. 493
22880	Louisville & Nashville Pass Christian, Miss. - New Orleans	12/2/63	1/7/64	12/23/63	5/6/64	2/5-7/64	2	Granted 4/29/64 320 I.C.C. 669
22896	Chicago, Rock Island & Pacific and Southern Pacific Chicago-Tucumcari, N. Mex.	12/11/63	1/11/64	12/27/63	5/10/64		4	Dismissed 2/5/64
22905	Southern Pacific Oakland, Calif. - Portland, Oreg.	12/19/63	1/20/64	1/6/64	5/19/64	2/25-28, 3/2-5,10-12/64	2	Granted 5/14/64 320 I.C.C. 740

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
22939	Chicago & North Western Chicago-Ashland, Wis. Chicago-Land O'Lakes, Wis. Chicago-Green Bay, Wis.	1/16/64	2/18/64	2/3/64	6/17/64	3/18,19,23/64	5	Granted 6/11/64 320 I.C.C. 648
22959	Baltimore & Ohio Cincinnati, Ohio - Cumberland, Md.	1/29/64	3/3/64	2/18/64	7/2/64	4/7-9,13/64	2	Granted 6/26/64 324 I.C.C. 648
23015	Chicago, Rock Island & Pacific Memphis, Tenn. - Amarillo, Tex.	3/2/64	4/5/64	3/24/64	8/4/64	5/6,7,11/64	2	Granted 7/27/64 324 I.C.C. 729
23045	Erie-Lackawanna Scranton, Pa. - Hoboken, N. J.	3/25/64	4/27/64	No	-	-	1	Granted 4/14/64
23095	Atlantic Coast Line Savannah, Ga. - Florence, S. C.	4/21/64	6/1/64	No	-	-	2	Granted 5/19/64
23142	Soo Line Chicago-Superior, Wis. Chicago-St. Paul, Minn.	5/22/64	6/22/64	6/9/64	1/11/65*	7/20-24/64	4	Granted 1/4/65 327 I.C.C. 50
23175	Boston & Maine Boston-Concord, N. H. Meredith, N.H. White River Jct., Vt.	6/24/64	8/8/64	7/17/64	12/31/64**	9/21, 10/5-7/64	14	11 Granted 3 Denied 324 I.C.C. 418 12/31/64

* Agreement reached at hearing
** Applicants voluntary extension

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F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
23176	Boston & Maine Boston-Dover, N. H. Portland, Maine	6/24/64	8/8/64	7/17/64	12/31/64*	9/21,10/5-7/64	16	14 Granted, 2 Denied 12/31/64 324 I.C.C. 418
23177	Boston & Maine Boston-Portsmouth, N. H.	6/24/64	8/8/64	7/17/64	12/31/64*	9/21,10/5-7/64	10	8 Granted 2 Denied 12/31/64 324 I.C.C. 418
23272	Southern Pacific Los Angeles-Phoenix, Ariz.	9/1/64	10/2/64	9/17/64	2/1/65	10/26-29/64	2	Denied 1/26/65 328 I.C.C. 14
23277	Reading Co. Philadelphia, Pa. - Bound Brook Jct., N.J.	9/2/64	10/2/64	9/18/64	2/1/65	10/26,29/64 (canceled)	8	Dismissed 10/29/64
23278	Missouri Pacific and Illinois Central Houston, Tex.-New Orleans	9/4/64	10/4/64	9/18/64	2/3/65	11/9,11,13, 16/64	4	Granted 1/28/65 328 I.C.C. 631
23313	Pennsylvania R. St. Louis, Mo. - New York City.	9/25/64	10/25/64	10/12/64	2/24/65	11/16, 19, 23, 24/64	2	Denied 2/15/65 328 I.C.C. 921
23383	Southern Pacific Co. Portland, Oreg. - Oakland, Calif.	11/9/64	12/10/64	11/25/64	4/9/65	1/18,22, 26/65	2	Granted 3/26/65 328 I.C.C. 947
23487	Erie-Lackawanna R. Hoboken, N. J. - Chicago, Ill.	2/1/65	3/3/65	2/17/65	7/2/65	4/5,7,9/65	2	Granted 6/28/65 330 I.C.C. 234

* Applicant's voluntary extension

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
23514	New York, New Haven & Hartford R. Co. Certain trains to and from New York City	2/18/65	3/29/65	3/10/65	7/28/65	4/12-16, 19-23, 26-30/65	105	Dismissed 7/7/65
23547	St. Louis-San Francisco Ry. St. Louis, Mo. - Oklahoma City, Okla.	3/15/65	4/19/65	3/30/65	8/18/65	5/3-7, 10-14, 17-19/65	2	Denied 8/9/65 (trains re-numbered & rescheduled) 327 I.C.C. 433
23548	St. Louis-San Francisco Ry. St. Louis, Mo. - Oklahoma City, Okla.	3/15/65	4/19/65	3/30/65	8/18/65	5/3-7 10-14, 17,19/65	2	Granted 8/9/65 327 I.C.C. 433
23549	St. Louis-San Francisco Ry. Kansas City, Mo. - Birmingham, Ala.	3/15/65	4/19/65	3/30/65	8/18/65	5/3-7, 10-14, 17-19/65	2	Granted 8/9/65 327 I.C.C. 433
23550	St. Louis-San Francisco Ry. Kansas City, Mo. - Birmingham, Ala.	3/15/65	4/19/65	3/30/65	8/18/65	5/3-7, 10-14, 17-19/65	2	Denied 8/9/65 (trains renumbered & rescheduled) 327 I.C.C. 433
23551	St. Louis-San Francisco Ry. Monette, Mo. - Ft. Smith, Ark.	3/15/65	4/19/65	3/30/65	8/18/65	5/3-7, 10-14, 17-19/65	2	Granted 8/9/65 327 I.C.C. 433
23552	St. Louis-San Francisco Ry. St. Louis, Mo. - Memphis, Tenn.	3/15/65	4/19/65	3/30/65	8/18/65	5/3-7, 10-14, 17-19/65	2	Granted 8/9/65 327 I.C.C. 433

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
23554	Pennsylvania R. Co. Philadelphia, Pa. - Delmar, Del.	3/15/65	4/18/65	4/5/65	8/17/65	-	2	Dismissed 5/13/65
23572	New York Central Albany, N. Y. - Boston, Mass.	3/26/65	4/25/65	4/13/65	8/24/65	6/7, 10, 11/65	2	Granted 8/17/65 328 I.C.C. 395 9/2/66 328 I.C.C. 89
23574	Missouri Pacific R. Co. Omaha, Nebr. - Kansas City, Mo.	3/29/65	5/2/65	4/20/65	9/1/65	6/7,10/65	2	Granted 8/26/65 330 I.C.C. 276
23581	Chicago Great Western Ry. Omaha, Nebr. - Minneapolis, Minn.	3/31/65	4/30/65	4/15/65	8/30/65	6/14,17/65	2	Granted 8/19/65 328 I.C.C. 664
23584	Norfolk and Western Ry. Buffalo, N. Y. - Chicago, Ill.	4/2/65	5/9/65	4/27/65	9/8/65	6/7,10/65	2	Granted 8/30/65 330 I.C.C. 195
23597	Chicago, Milwaukee, St. Paul & Pacific R. Co. Manilla, Iowa-Sioux Falls, S. Dak.	4/16/65	5/17/65	5/4/65	9/16/65	6/7, 9/65	2	Granted 9/10/65
23625	Chicago, Rock Island & Pacific Kansas City, Mo. Tucumcari, N. Mex.	4/29/65	6/6/65	5/12/65	10/5/65	6/14-16, 18,21/65	2	Denied 9/27/65 328 I.C.C. 894
23646	Chicago, Milwaukee, St. Paul & Pacific R. Co. Milwaukee, Wis. - Savanna, Ill.	5/14/65	6/15/65	6/3/65	10/14/65	7/22/65	2	Granted 9/27/65 330 I.C.C. 386

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four mo. date	Hearing date	No. of trains	Action
23657	Missouri-Kansas-Texas R. Kansas City,Mo.-Dallas, Tex.	5/24/65	7/1/65	6/30/65*	10/29/65	8/2,4, 5/65	2	Granted 11/18/65 328 I.C.C. 784
23658	Missouri-Kansas-Texas R. Kansas City,Mo.-Dallas, Tex.	5/24/65	7/1/65	6/30/65*	10/29/65	8/2,4, 5/65	2	Granted 11/18/65 328 I.C.C. 784
23684	Louisville & Nashville R. Memphis,Tenn.-Bowling Green, Ky.	6/11/65	7/15/65	7/1/65	11/12/65	8/9, 12/65	2	Granted 11/5/65 328 I.C.C. 908
23720	Erie-Lackawanna R. Co. Hoboken, N.J.-Scranton Pa.	7/6/65	8/6/65	7/21/65	12/3/65	9/1-3/65	3	Granted 11/26/65 330 I.C.C. 531
23756	Southern Pacific Co. Portland, Oreg.- San Francisco, Calif.	7/30/65	9/1/65	8/18/65	12/31/65	10/18,22, 25/65	2	Denied 5/24/66
23766	Chicago & North Western Ry. Chicago,Ill.-Madison Wis.	8/5/65	9/6 and 9/11/65	No.			3	Granted 8/26/65(507-10) 8/30/65 (508) Pet.D 9/10/65
23770	Chicago & Eastern Ill.R. Danville,Ill.-Evansville, Ind.	8/23/65	9/22/65	9/9/65	1/21/66	10/25,29, 11/1/65	2	Granted 1/14/66 328 I.C.C. 427
23773	Chicago & Eastern Ill.R. Danville,Ill.-Evansville, Ind.	8/23/65	9/22/65	9/9/65	1/21/66	10/25,29, 11/1/65	2	Granted 1/14/66 328 I.C.C. 427
23781	Louisville & Nashville R. Evansville,Ind.-Atlanta, Ga.	8/18/65	9/21/65	9/9/65	1/20/66	10/25,29, 11/1/65	2	Granted 1/14/66 328 I.C.C. 427

* Ordered after expiration of time for requiring continuance of trains pending hearing and decision.

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four mo. date	Hearing date	No. of trains	Action
23787	Atlantic Coast Line R. Waycross,Ga.-Montgomery, Ala.	8/24/65	10/1/65	9/16/65	1/31/66	11/1,3,5, 8/66	2	Dismissed 11/19/65
23790	Atlantic Coast Line R. Wilmington,N.C.-Florence, S.C.	8/27/65	10/1/65	9/16/65	1/31/66	11/9/65	2	Granted 1/11/66 330 I.C.C. 317
23800	Southern Pacific Co. Tucumcari,N.Mex.-Phoenix, Ariz.	9/2/65	10/6/65	9/23/65	2/5/66	11/3-5/65	2	Denied 1/24/66 328 I.C.C. 360
23808	Chicago, Rock Island & Pacific R.R.Co. Kansas City,Mo.-Fort Worth, Tex.	9/15/65	10/17/65	10/4/65	2/16/66	11/8,10/65 328 I.C.C. 278, 378	2	Denied 2/8/66 On reconsideration granted 9/9/66
23810	Atchison, Topeka & Santa Fe Kansas City,Mo.-Tulsa,Okla.	9/16/65	10/20/65	9/30/65	2/19/66	11/17,19, 22/65	2	Denied 2/10/66 330 ICC 370
23820	Northern Pacific Ry.Co. Spokane, Wash.-Lewiston,Idaho	9/27/65	10/31/65	10/19/65	2/28/66	12/13/65	2	Granted 2/18/66 330 ICC 488
23821	Chicago, Burlington & Quincy R. Alliance,Nebr.-Casper, Wyo.	9/28/65	10/31/65	10/19/65	2/27/66	12/7/65 & 12/10/65	2	Granted 2/23/66 330 I.C.C. 293
23831	New Haven R.R.	10/11/65	3/1/66	10/14/65	6/30/66	12/1/65	274	4/5/66 327 ICC 151 234 cont'd. 40 discont'd.
23853	Missouri Pacific R. Co. St. Louis,Mo.-Pueblo, Colo.	10/25/65	11/29/65	11/15/65	3/28/67	1/4,7,10, 12,14,17, 19/66	2	Granted 3/22/66 328 I.C.C. 809

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
23959	Boston & Maine Corp. Boston, Mass. - Concord, N. H.	1/3/66	2/7/66	1/25/66	6/3/66	3/7/66	3	Granted 6/2/66 330 I.C.C. 425
23960	Boston & Maine Corp. Boston, Mass. - Dover, N. H.	1/3/66	2/7/66	1/25/66	6/3/66	3/7/66	2	Granted 6/2/66 330 I.C.C 425
23961	Boston & Maine Corp. Boston and Newburyport, Mass.	1/3/66	2/7/66	1/25/66	6/3/66	3/7/66	4	Denied 6/2/66 330 I.C.C. 425
23989	Northern Pacific Railway Company Jamestown and Mandan, N. Dak.	1/24/66	2/28/66	No	-	-	2	2/16/66
24000	Boston & Maine Corp. Springfield, Mass. - White River Junction, Vt.	2/1/66	3/7/66	2/21/66	7/6/66	3/7/66	4	Granted 7/6/66 328 I.C.C. 224 Upheld 5/11/67 328 I.C.C. 594
24061	Missouri Pacific Railroad Illinois Central RR Co. Houston, Tenn. - New Orleans, La.	3/14/66	4/15/66	4/4/66	8/14/66*	6/20/66	4	Denied 11/15/66 330 I.C.C. 154
24074	Pennsylvania RR Co. St. Louis, Mo. - New York, N.Y.	3/21/66	4/24/66	4/11/66	8/23/66	5/31/66	2	Denied 8/16/66 330 I.C.C. 458
24078	New York Central R. Co. Elkhart, Ind. - Chicago, Ill.	3/24/66	4/24/66	No	-	-	1	Granted 4/12/66

* Railroad agreed to continue operating trains pending decision

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
24155	Atlanta and West Point RR Co. The Western Railway of Ala. Atlanta, Ga. - Montgomery, Ala.	5/13/66	6/19/66	6/6/66	10/17/66	7/18/66	2	Granted 10/14/66 330 I.C.C. 133
24158	Louisville & Nashville RR Montgomery, Ala. - New Orleans, La.	5/13/66	6/18/66	6/6/66	10/17/66	7/18/66	2	Granted 10/14/66 330 I.C.C. 133
24159	Louisville & Nashville RR Flomaton, Ala. - Chattahootchee, Fla.	5/13/66	6/18/66	6/6/66	10/17/66	7/18/66	2	Granted 10/14/66 330 I.C.C. 133
24160	Louisville & Nashville RR Flomaton, Ala. - Chattahootchee, Fla.	5/13/66	6/19/66	6/6/66	10/17/66	7/18/66	1	Granted 10/14/66 330 I.C.C. 133
24161	Chicago, Rock Island & Pacific Omaha, Nebr. - Denver - Colorado Springs, Colo.	5/16/66	6/16/66	6/2/66	10/15/66	7/18/66	2	Granted 10/6/66
24175	Seaboard Air Line Ry. Portsmouth, Va. - Raleigh, N.C.	5/27/66	7/1/66	6/17/66	10/31/66	8/1/66	2	Denied 10/11/66 330 I.C.C. 171
24205	Erie-Lackawanna RR Co. Chicago-Hoboken-Binghamton	6/15/66	7/15/66	6/30/66	11/14/66	8/9/66	4	Granted 11/4/66 330 I.C.C. 508
24218	Soo Line RR Co., Portal, N. Dak., Glenwood, Minn, Enderlin, N.Dak.	6/27/66	7/31/66	No	-	-	2	Granted 7/19/66
24244	Colorado & Southern RR Co. & Forth Worth & Denver Ry Co. Dallas, Tex., & Denver, Colo.	7/14/66	8/15/66	8/2/66	12/14/66	9/7/66	2	Granted 11/29/66 330 I.C.C. 448
24252	Louisville & Nashville RR Cincinnati, Ohio - Montgomery, Ala.	7/21/66	8/28/66	8/16/66	12/27/66	9/26/66	2	Granted 11/29/66 330 I.C.C. 551

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four mo. date	Hearing date	No. of trains	Action
24277	The Western Pacific RR Co. San Francisco, Calif. and Salt Lake City, Utah	8/3/66	9/15/66	8/29/66	1/14/67	10/10/66	2	Denied 2/13/67
24293	Southern Railway Co. Atlanta, Ga. & Birmingham, Ala.	8/16/66	9/15/66	No			2	Granted 9/1/66
24337	Chicago, Rock Island & Pacific RR Co.-Kansas City, Mo. and Tucumcari, N. Mex.	9/29/66	10/31/66	10/18/66	2/28/66	11/30/66	2	Granted 2/15/67 328 I.C.C. 648
24348	Illinois Central RR Co. Carbondale, Ill. & Memphis, Tenn. Memphis & New Orleans, La.	10/11/66	11/10/66	10/26/66	3/9/67	12/12/66	5	Granted 3/1/67 328 I.C.C. 763
24354	Southern Railway Co.-Bristol Va. & Chattanooga, Tenn.	10/19/66	11/19/66	No			2	Granted 11/7/66
24370	Chicago Rock Island & Pacific RR Co. & Chicago, Burlington & Quincy RR Co.-Minneapolis, Minn. and St. Louis, Mo.	11/4/66	12/8/66	11/22/66	4/7/66	1/9/67	6	Granted 3/20/67 328 I.C.C. 796
24383	St. Louis-San Francisco Ry. Co. St. Louis, Mo. & Oklahoma City, Okla.	11/23/66	12/31/66	12/19/66	4/30/66	1/23/67	2	Granted 4/24/67 330 I.C.C. 619
24384	St. Louis-San Francisco Ry. Co. Kansas City, Mo. & Birmingham, Ala.	11/23/66	12/31/66	No			2	Withdrawn Dismissed 12/19/66
24395	Northern Pacific Ry. Co. Minneapolis & Duluth, Minn. (via Superior, Wis.)	12/2/66	1/5/67	No			2	Granted 12/21/66
24398	Pennsylvania RR Co.-Buffalo, N.Y. and Baltimore, Md.	12/7/66	1/15/67	1/3/67	5/14/67	3/15/67	2	Partial continuance required 5/5/67

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
24399	Southern Ry. Co. Birmingham, Ala. - Brunswick, Ga.	12/9/66	1/9/67	No			2	Granted 12/23/66
24404	Denver & Rio Grande Western RR Co. Denver, Colo - Salt Lake City, Utah	12/15/66	1/29/67	1/17/67	5/28/67	3/1/67	2	Granted 5/15/67 330 I.C.C. 108
24424	Southern Railway Company Chattanooga and Memphis, Tenn.	12/30/66	1/30/67	No			2	Granted 1/17/67
24435	Chesapeake & Ohio Ry. Co. Washington, D. C. - Cincinnati, Ohio	1/10/67	2/10/67	1/26/67	6/9/67	2/27/67	6	Denied 6/5/67 330 I.C.C. 211
24462	Chicago, Burlington & Quincy RR Co. Alliance, N. and Brush, Colo.	2/6/67	3/15/67	3/2/67	7/14/67	4/3/67	2	Granted 6/20/67 330 I.C.C. 411
24499	Illinois Central RR Co. Chicago, Ill., - Waterloo, Iowa	3/3/67	4/5/67	3/22/67	8/4/67	4/24/67	2	Granted 7/26/67 330 I.C.C. 598
24529	Southern Pacific Company Tucumcari, N. Mex. - Los Angeles, Calif.	3/19/67	4/21/67	4/7/67	8/20/67	5/25/67	2	Granted 8/11/67 330 I.C.C. 685
24542	Monon Railroad Chicago, Ill. - Louisville, Ky.	3/27/67	5/8/67	4/25/67	9/7/67	6/12/67	2	Granted 8/30/67 330 I.C.C. 882
24545	Chicago, Burlington & Quincy Billings, Mont. - Alliance, Nebr.	3/30/67	5/1/67	4/19/67	8/31/67	6/5/67	2	Denied 8/24/67 330 I.C.C. 742
24546	Colorado & Southern Ry Co. Chicago, Burlington & Quincy RR Denver, Colo., and Billings, Mont.	3/30/67	5/1/67	4/19/67	8/31/67	6/5/67	2	Granted 8/24/67 330 I.C.C. 742

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
24558	Norfolk and Western Ry.Co. St. Louis, Mo., and Chicago, Ill.; St. Louis & Detroit	4/7/67	5/10/67	4/26/67	9/9/67	6/19/67	4	2 Granted 2 Denied 9/5/67 331 I.C.C. 415
24562	Colorado & Southern Ry Co. Fort Worth and Denver Ry. Co. Dallas, Tex., - Denver, Colo.	4/10/67	5/10/67	4/25/67	9/9/67	6/12/67	2	Granted 8/31/67 330 I.C.C. 896
24571	Southern Railway Co. Washington, D. C. - Salisbury, N. C.	4/26/67	5/27/67	5/12/67	9/26/67	6/14/67	2	Granted 9/19/67 331 I.C.C. 9
24589	Chicago, Milwaukee, St. Paul & Pacific Railroad Chicago, Ill. - Omaha, Nebr.	5/12/67	6/12/67	5/31/67	10/11/67	7/10/67	2	Granted 9/21/67 331 I.C.C. 48
24595	Northern Pacific Company St. Paul, Minn. - Jamestown, N. Dak.	5/12/67	6/18/67	6/6/67	10/17/67	7/17/67	2	Granted 9/27/67 331 I.C.C. 77
24615	Chicago, Burlington & Quincy RR Co. Chicago, Ill., - Omaha, Nebr.	5/29/67	7/1/67	No	-	-	1	Granted 6/19/67
24616	Chicago, Rock Island & Pacific Railroad Co. Minneapolis, Minn. -- Kansas City, Mo.	5/29/67	6/30/67	6/16/67	10/29/67	8/7/67	2	Granted 10/6/67 331 I.C.C. 125
24625	Missouri Pacific Railroad Co. Little Rock, Ark. - Alexandria, La.	6/9/67	7/17/67	7/5/67	11/16/67	8/14/67	2	Granted 11/7/67 331 I.C.C. 137

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
24628	New York, New Haven and Hartford R. R. Co. New York and New Haven Boston and Springfield	6/13/67	7/16/67				84	Dismissed 6/30/67
24645	Illinois Central Railroad Company Memphis, Tenn. and New Orleans, La.	6/27/67	8/1/67	7/18/67	11/30/67	9/6/67	2	Granted 11/28/67 331 I.C.C. 478
24646	Louisville & Nashville Railroad Company St. Louis, Missouri and Nashville, Tenn.	6/28/67	7/31/67	7/18/67	11/30/67	8/21/67	2	Denied (Part) 11/22/67 Pet. Denied 5/24/68 331 I.C.C. 203
24723	Pennsylvania Railroad Co. Chicago, Ill. and Valpariso, Ind.	8/30/67	10/2/67	9/18/67	2/1/68	10/30/67	2	Denied 1/26/68 331 I.C.C. 464
24725	Chicago & Eastern Ill. RR Co. Chicago, Ill. & Evansville, Ind.	8/31/67	10/1/67	9/18/67	1/31/68	10/30/67	2	Granted 1/25/68 Pet. Denied 5/8/68
24728	Chicago, Burlington & Quincy change in service Nos. 8 & 30 Chicago, Ill. Omaha, Nebr.	9/1/67	10/1/67	No			2	Granted 9/19/67
24739	Great Northern Ry Co. Fargo, N. D. and St. Paul Minn. 2 discontinued and 1 change of service	9/12/67	10/15/67	10/3/67	2/14/68	11/27/67	3	Granted 2/9/68 331 I.C.C. 497
24746	Chicago, Rock Island & Pac RR & Southern Pacific Co. Nos. 3 & 4 between Chicago & El Paso, Tex.	9/18/67	10/20/67	10/5/67	2/19/68	11/27/67	2	Granted 2/15/68 331 I.C.C. 768

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing	No. of trains	Action
24759	Chicago, Burlington & Quincy RR Co. Nos. 22 & 23 change of service bet. Chicago & St. Paul	9/27/67	10/29/67	No 10/27/67 on reconsideration		1/8/68	2	2/26/68 1 Granted 1 denied 331 I.C.C. 841
24760	Chicago, Milwaukee, St. Paul & Pacific RR Co. #55 & 58 bet. Chicago and Minneapolis	9/29/67	10/31/67	10/19/67	2/29/68	12/4/67	2	Denied 2/26/68 331 I.C.C. 604
24766	Chicago, Milwaukee, St. Paul and Pacific RR Co. and Soo Line RR Co. bet. Milwaukee, Wis. and Calumet, Mich. Nos. 9-10 and 49-48	10/6/67	11/8/67	10/25/67	3/7/68	12/11/67	2	Granted 3/1/68 333 I.C.C. 320
24771	Chicago, R.I. and Pac RR Co. Nos. 21 and 22 bet. Memphis, Tenn. and Tucumcari, N. Mex.	10/9/67	11/10/67	No			2	Granted 10/26/67
24772	The Atchison, Topeka and Santa Fe Ry Co. Nos. 3 & 4 between Kansas City, Mo. & Gallup, N. Mex.	10/9/67	11/10/67	No Dismissed Notice			2	10/19/67 10/30/67
24773	The Atchison, Topeka & Santa Fe Ry Co. Nos. 47 & 48 and 211 & 212 bet. Kansas City, Mo. & Tulsa, Okla.	10/9/67	11/10/67	10/27/67	3/9/68	1/8/68	4	2 Granted 2 Denied 3/1/68 333 I.C.C. 256
24774	The Atchison, Topeka & Santa Fe Ry Co. Nos. 7 & 8 between Chicago, Ill. and Los Angeles and Bakersfield, Calif.	10/9/67	11/10/67	No Dismissed Notice			2	10/19/67 10/30/67

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing	No. of trains	Action
24779	Southern Pacific Co. Nos. 21 and 22 between Ogden, Utah and Oakland, Calif.	10/16/67	11/16/67	No.			2	Granted 11/1/67
24780	New York Central R Co. Nos. 312 & 341 bet. St. Louis, Mo. & Indiana-Ohio State Line	10/16/67	11/19/67	11/7/67	3/18/68	1/15/68	2	Granted 3/14/68 331 I.C.C. 616
24781	New York Central Railroad Co. Nos. 57 & 96 between Chicago and Indiana-Ohio State Line	10/16/67	11/19/67	11/7/67	3/18/68	1/22/68	2	Granted 3/14/68 331 I.C.C. 627
24809	St. Louis-San Francisco Ry. Co. 101 & 102 between Kansas City, Mo. and Birmingham, Ala.	11/3/67	12/8/67	No			2	Granted 11/24/67 Pet. for recon. denied 12/7/67
24812	Southern Ry. Co. discontinuance of train No. 36 & consolidation of No. 47 with 37 bet. Wash. D. C. and Atlanta, Ga.	11/3/67	12/4/67	No			2	Granted 11/21/67
24818	Atchison, Topeka & Santa Fe Ry Co. Trains Nos. 13 and 14 between El Paso, Tex. and Albuquerque, N. Mex.	11/8/67	12/10/67	11/28/67	4/9/68	1/22/68	2	Granted 3/28/68 331 I.C.C. 801
24819	Atchison, Topeka & Santa Fe Ry Co. Nos. 9, 11 & 12 between Chicago, Ill. Kansas City, Mo. and Ft. Worth-Dallas, Tex.	11/9/67	12/18/67	12/4/67	4/16/68	2/5/68	3	Granted 4/11/68 333 I.C.C. 497
24821	Chicago, Burlington & Quincy RR Co. Nos. 35 and 36 between Chicago, Ill. and Kansas City, Mo.	11/9/67	12/10/67	11/27/67	4/9/68	1/29-30-31 2/1-2-6-7	2	Denied 4/2/68 331 I.C.C. 813

F.D.No.	Railroad & points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing	No. of trains	Action
24827	Chicago, Burlington & Quincy RR Co. Nos. 7 & 8 between Omaha, Nebr. & Denver, Colo.	11/17/67	12/17/67	No			2	12/5/67 Pet. for recon. denied 12/15/67
24836	Seaboard Coast Line RR Co. Nos. 77 & 78 bet. Richmond, Va., & Florence, S. C.	11/27/67	12/31/67	No			2	Granted 12/19/67
24853	Kansas City Southern Ry. Co. Louisiana & Arkansas Ry. Co. Nos. 1 & 2 between Kansas City, Mo. & New Orleans, La.	12/4/67	1/4/68	12/19/67	5/3/68 5/10/68*	2/5-24/68	2	Denied 5/7/68 333 I.C.C. 51
24854	Kansas City Southern Ry Co. Louisiana & Arkansas Ry Co. Nos. 15-9 10-16 bet. Kans. City, Mo. & N. Orleans, La. & Port Arthur, Tex.	12/4/67	1/4/68	12/19/67	5/3/68 5/10/68*	2/5/68	6	Granted 5/6/68 333 I.C.C. 51
24855	Northern Pacific Ry Co. Nos. 1 & 2 bet. Fargo, No. Dak. & Tacoma-Seattle, Wash.	12/4/67	1/10/68	12/18/67	5/9/68	2/13/68	2	Denied 5/6/68 333 I.C.C. 15
24857	Chesapeake & Ohio Ry Co. Nos. 43 & 46 bet. Portsmouth & Charlottesville Nos. 3 & 4 bet. Wash. D. C. & Cincinnati, Ohio Nos. 47 & 46 bet. Ashland, Ky. & Detroit, Mich.	12/5/67 6/25/68 Pet. for recon.	1/5/68	12/21/67	5/4/68 5/12/68*	2/5/68	6	4 Granted 2 Denied 5/7/68 Pet. D. 10/23/68 333 I.C.C. 95
24861	Union Pacific RR Co. Nos. 5 & 6 between Omaha Nebr. & Los Angeles, Calif.	12/6/67	1/8/68	12/28/67	5/7/68		2	Withdrawn 1/12/68
24869	Atchison, Topeka & Santa Fe Railway Co. Nos. 19 & 20 23 & 24 bet. Chicago & Los Angeles	12/13/67	1/14/68	12/29/67	5/13/68	2/13/68	4	2 Granted 2 Denied 5/8/68 333 I.C.C. 569

*Time voluntarily extended by railroad.

F.D.No.	Railroad & points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
24873	Pennsylvania Railroad Co. Nos. 3 (Penn Texas) No. 30 (Spirit of St. Louis) bet. St. Louis, Mo., & N.Y., N.Y.	12/20/67	1/21/68	No Investi. inst on recon 1/18/68			2	1/9/68 Dismissed 1/31/68
24879	Union Pacific RR Co. Nos. 35 & 36 bet. Salt Lake City, Utah & Butte, Mont.	12/20/67	1/22/68	1/9/68	5/21/68	3/4/68	2	Denied 5/16/68 333 I.C.C. 182
24884	Illinois Central RR Co. Nos. 21 & 22 bet Springfield, Ill. & St. Louis, Mo. Nos 15, 16, 101, 102, 105 & 152 bet St. Louis, Mo. & Carbondale, Ill.	12/20/67	1/20/68	1/5/68	5/19/68	2/19-23/68	8	6 Granted 2 Denied 5/14/68 333 I.C.C. 149
24886	Erie-Lackawanna RR Co. No. 10 (New York Mail) & No. 15 (The Owl) bet. Buffalo, N.Y. & Hoboken, N. J.	12/21/67 Pet. 6/19/68	1/21/68 Reopened 8/21/68	1/9/68	5/20/68 5/31/68*	2/20/68 10/15/68	2	Denied 5/23/68 333 I.C.C. 208 Granted on reconsideration 5/20/69 334 I.C.C. 403
24912	Norfolk & Western Ry Co. Nos. 302 & 303 bet. St. Louis, Mo. & Detroit, Mich.	1/8/68	2/10/68	1/26/68	6/9/68	3/18-26/68	2	Granted 5/29/68 333 I.C.C. 284
24916	Southern Pacific Co. Nos. 101 & 102 bet Ogden, Utah & Oakland, Calif. (City of San Francisco)	1/15/68 Pet. 8/26/68	2/15/68	1/31/68	7/20/68	3/25-4/12/68	2	Denied 7/17/68 333 I.C.C. 525 Pet. Denied 9/27/68
24917	Union Pacific Railroad Co. Nos. 17 & 18 (Portland Rose) bet. Kansas City, Mo. & Portland, Oreg.	1/15/68 Pet. 7/17/68	2/19/68	2/7/68	6/18/68	3/25-4/10/68	2	Denied 6/13/68 333 I.C.C. 348 Pet. D. 9/27/68

* Time voluntarily extended by railroad

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
24918	Western Pacific RR Co. Nos. 17 & 18 (California Zephyr) bet. San Francisco & Salt Lake City, Utah Pet 8/22/68	1/17/68	2/20/68	2/7/68	7/20/68	3/25-4/12/68	2	Denied 7/17/68 333 I.C.C. 525 Pet D. 10/29/68
24923	Seaboard Coast Line RR Co. Nos. 17 & 18 (Tidewater) bet. Portsmouth, Va., & Raleigh, N.C.	1/19/68	2/19/68	No			2	Granted 2/7/68
24925	Southern Ry. Co. and The Cincinnati, New Orleans and Texas Pacific Ry. Co. Nos. 1-28 & 27-2 bet Cincinnati, Ohio and Atlanta, Ga. - Columbia, S. C. Pet for recon. 7/15/68	1/19/68	2/19/68	2/7/68	6/18/68	4/1-10/68	6	4 Granted 2 Denied 6/10/68 333 I.C.C. 297 9/6/68 time reduced to 5 mos.
24929	New York Central RR Co. Nos. 404 & 405 bet. Albany, N.Y., and Boston, Mass.	1/23/68	2/23/68	2/9/68	6/22/68	4/1-4/68	2	Denied 6/17/68 333 I.C.C. 375
24931	Louisville & Nashville RR Co. Nos. 14 & 19 between Bowling Green, Ky., and Memphis, Tenn.	1/23/68	2/28/68	No			2	Granted 2/15/68
24932	Chicago, Burlington & Quincy RR Nos. 22 & 23 between Omaha, Nebr., & Kansas City, Mo. Pet. 7/25/68	1/23/68	2/23/68	2/8/68	6/22/68	4/1-4/68	2	Granted 6/17/68 333 I.C.C. 395 Pet. D. 10/4/68
24933	Chicago, Burlington & Quincy Nos. 26 & 27 between Omaha, Nebr., & Kansas City, Mo. Pet. 7/22/68	1/23/68	2/23/68	2/8/68	6/22/68	4/1-4/68	2	Denied 6/17/68 333 I.C.C. 395 Pet. D. 10/4/68

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F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
24935	Union Pacific RR Co. Nos. 5 & 6 bet Omaha, Nebr., & Los Angeles, Cal. Pet. 7/22/68	1/24/68	2/26/68	2/13/68	6/25/68	4/15-24/68	2	Denied 6/20/68 333 I.C.C. 413 10/4/68 time reduced to 6 mos.
24942	Louisville & Nashville RR Co. Nos. 17 & 18 bet. Cincinnati, Ohio & Atlanta, Ga.	1/30/68	3/7/68	No			2	Granted 2/21/68
24952	Louisville & Nashville RR Co. Trains Nos. 1 & 2 bet Nashville, Tenn., & Atlanta, Ga.	2/6/68	3/14/68	No			2	Granted 2/29/68
24956	Missouri Pac. RR Co. & Texas Pac. Ry. Co. Nos. 7 & 8 bet St. Louis & Texarkana, 27 & 28 bet Texarkana & Ft. Worth 23 & 24 bet. New Orleans & Marshall, Tex.	2/7/68	3/10/68	2/27/68	7/9/68	4/22-5/3/68	6	Granted 7/2/68 333 I.C.C. 419
24970	Union Pacific Railroad Co. Nos. 69 & 70 bet Kansas City, Mo., and Salina, Kans.	2/15/68	3/18/68	No			2	Granted 3/6/68
24972	Pennsylvania New York Central Transportation Co. Nos. 94 & 95 (The Kentuckian) bet. Logansport, Ind. & Louisville, Ky.	2/19/68	3/24/68					Notice rejected Dismissed 3/12/68
24976	Seaboard Coast Line Railroad Co. Nos. 53 and 54 between Florence, S. C. & Augusta, Ga.	2/21/68	3/23/68	No.			2	Granted 3/11/68

F.D.No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
24977	Baltimore & Ohio RR Co. consolidation of Nos. 37 & 40 with 51 & 52 bet. Wash. D.C., and Cumberland, Md. See F.D. No. 25288 where trains were consolidated	2/23/68	3/25/68	No 3/22/68 on recons.	-	5/13-25/68	4	3/12/68 Denied in effect 12/18/68 334 I.C.C.190
24980	Chicago, Milwaukee, St. Paul & Pacific RR Co. Nos. 117 & 118 (The Varsity) bet. Chicago, Ill., & Madison, Wis.	2/26/68	3/29/68	3/15/68	7/28/68	4/29-30 5/2,3/68	2	Denied 7/12/68 333 I.C.C. 466 limited continuance required
24984	Illinois Central RR Co. Nos. 205 & 208 between Vicksburg, Miss., & Shreveport, La.	2/28/68	3/30/68	No			2	Granted 3/18/68
24986	Southern Railway Co. Nos. 45 & 46 (Tennessean) bet. Chattanooga, Tenn., & Memphis, Tenn.	2/29/68	3/31/68	No			2	Granted 3/19/68
25026	Pennsylvania New York Central Transportation Co. No. 50 (The Admiral) bet. Chicago and N.Y. No. 53 (The Fort Pitt) bet Pittsburgh and Chicago Pet. 9/18/68	3/18/68	4/21/68	4/9/68	8/20/68	5/20-6/6/68	2	Denied 8/15/68 (9 mos.) 333 I.C.C. 638 Pet. D. 11/18/68
25028	Pennsylvania New York Central Transp. Co. Nos. 94 and 95 (The Kentuckian) bet Logansport, Ind. & Louisville, Ky.	3/20/68	4/21/68	No			2	Granted 4/8/68

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
25041	Seaboard Coast Line RR Co. Nos. 3 & 4 between Richmond, Va., & Atlanta, Ga.	3/29/68	4/30/68	No			2	Granted 4/17/68
25047	Louisville & Nashville RR Co. Nos. 6 & 7 bet. New Orleans, La. & Cincinnati, Ohio (Hummingbird) Pet. 10/7/68	4/3/68	5/8/68	4/24/68	9/7/68	6/17-26/68	2	Granted 9/3/68 333 I.C.C. 720 Pet. D. 10/31/68
25052	Pennsylvania N.Y. Central Transp. Co. Nos. 70 & 71 (66 & 65) bet. Chicago, Ill. & Cincinnati, Ohio Pet. 10/11/68 Pet. for recon of order of 2/18/69 filed 3/6/69	4/11/68	5/12/68	4/29/68	9/11/68	6/24-28/68	2	Denied 9/9/68 333 I.C.C. 674 2/18/68 time reduced to 6 mos. 6/4/69 order of 2/18 vacated
25074	Pennsylvania N.Y. Central Transp. Co. No. 3 (Penn Texas) No. 30 (Spirit of St. Louis) bet New York, N.Y., and St. Louis, Mo. Pet. 10/28/68	4/26/68	5/29/68	5/16/68	9/28/68	7/8-25/68	2	Denied 9/24/68 333 I.C.C. 736 Pet. Denied 3/3/69
25075	Seaboard Coast Line RR Co. Nos. 9 & 10 (Palmland) bet. Columbia, S. C., & Miami, Fla.	4/30/68	5/31/68	No			2	Granted 5/17/68
25097	Atchison, Topeka & SF Ry Co. change in serv. Nos. 1 & 2 bet Chicago, Ill. & San Francisco and Nos. 15 & 16 bet. Chicago and Houston	5/13/68	6/15/68	No			4	Granted 6/3/68

F.D. No.	Railroad and Points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No.of trains	Action
25107	Penn Central Company (Twilight Ltd.) No. 357 from Detroit,Mich. to Chicago, Ill.	5/17/68	6/18/68	6/6/68	10/17/68	7/29-8/6/68	1	Denied in part 10/15/68
		Pet. for Recons.	11/15/68	G-fr.Ann Arbor-Chi-D fr.Detroit-Ann Arbor				Pet. D 1/24/69
						333 I.C.C. 768		
25118	Southern Pacific Company Nos. 1 & 2 bet. Los Angeles, Calif. & New Orleans, La. (Sunset)	5/24/68	6/24/68	6/4/68	10/23/68	7/15-8/15/68	2	Denied 10/17/68
							333	I.C.C. 783
25120	Seaboard Coast Line RR Co. Nos. 15 & 16 bet Hamlet,N.C. & Birmingham, Ala.	5/27/68	6/28/68	No			2	Rejected 6/17/68
25129	Illinois Central Railroad Co. change in service Nos. 3 & 4 between Chicago & Memphis	5/29/68	6/30/68	6/18/68 re stop at stop at Gilman, Ill.only.	10/29/68	8/5/68	2	10/25/68
							333	I.C.C.806
							#3	D.
							#4	G.
	Involved the elimination of 7 of 25 points and rescheduling							
25130	Chesapeake & Ohio RR Co. Rescheduling train No. 46 between Detroit, Mich., & Ashland, Ky.	5/31/68	6/30/68	No			1	Granted 6/17/68
		Pet. for Recons.	6/25/68					Pet. D. 6/27/68
25136	Missouri Pacific RR Co. & Texas & Pacific Ry Co. Nos. 3 & 4 bet St. Louis, Mo. & Fort Worth, Tex.	6/5/68	7/10/68	6/27/68	11/9/68	8/5-12/68	2	Granted 10/31/68
							333	I.C.C.820

F.D. No.	Railroad and Points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No.of trains	Action
25143	Illinois Central RR Co. Nos. 9 & 10 disc. bet. Carbondale, Ill., & Birmingham, Ala. Change in Service bet. Chicago & Carbondale (Seminole)	6/13/68	7/15/68	7/2/68	11/14/68	8/12-27/68	2	11/12/68 G train 10 stop at Gilman D 333 I.C.C. 853 Pet. D. 2/3/69
		Pet. for Recons. 12/16/68						
25145	Baltimore & Ohio RR Co. Change in service Nos. 9 & 10 bet Cumberland, Md. & Wash.,D.C., disc. bet. Cumberland & Pittsburgh and change in service Nos. 5,6,7, & 8 bet. Cumberland & Pittsburgh	6/14/68	7/15/68	No			2	Granted 7/2/68
25150	Seaboard Coast Line RR Co. Nos. 17 & 18 (Seminole) bet Jacksonville, Fla. & Albany,Ga.	6/14/68	7/16/68	7/2/68	11/15/68	8/12-27/68	2	Granted 11/12/68
		Pet. for Recons. 12/16/68						333 I.C.C.853 Pet D. 2/3/69
25151	Central of Georgia Railway Co. Nos. 10-9 & 10-9 (Seminole) bet Birmingham, Ala. & Albany, Ga.	6/14/68	7/15/68	7/2/68	11/14/68	8/12-27/68	2	Granted 11/12/68
		Pet. for Recons. 12/16/68						333 I.C.C.853 Pet D. 2/3/69
25158	Seaboard Coast Line RR Co. Nos. 15 & 16 Between Hamlet, N.C., & Birmingham, Alabama.	6/21/68	7/21/68	No			2	Granted 7/10/68
25162	Norfolk & Western Ry. Co. disc. of Nos. 121 & 124 bet. St. Louis,Mo. & Chicago, Ill.	6/26/68	7/26/68	7/12/68	11/25/68	9/9-12/68	2	Denied 11/20/68
								334 I.C.C. 1
25209	Southern Pac. Co. Nos. 11 & 12 (Cascade) bet. Portland, Oreg. & Oakland, Calif.	7/22/68	8/22/68	8/8/68	12/20/68	9/16-10/4/68	2	Denied 12/16/68
								334 I.C.C. 159

F.D. No.	Railroad and Points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No.of Trains	Action
25221	Chicago, Burlington & Quincy RR Co. Change in service No. 23 bet. Chicago,Ill., & St. Paul, Minn.	8/1/68	8/31/68	8/19/68	12/30/68		1	Withdrawn 9/19/68
25230	Chicago, Burlington & Quincy RR Co.disc.Nos. 42 and 43 bet. Omaha, Nebr., and Billings, Mont.	8/6/68	9/7/68	8/23/68	1/6/69	10/7-18/68*	2	Granted 1/3/69
					* Railroad agreed to continue trains to 1/13/69			
	Pet. for recon. (Jurisdictional) denied 4/2/69							334 I.C.C. 210
25234	Seaboard Coast Line RR Co. (Sunland) No. 7 from Hamlet, N.C. to Jacksonville,Fla. and No. 8 from Jacksonville to Richmond, Va.	8/7/68	9/9/68	No			2	Granted 8/28/68
25235	Seaboard Coast Line RR Co. (Dixie Flyer) Nos. 95 and 96 between Jacksonville, Fla., & Atlanta, Ga.	8/7/68	9/9/68	8/28/68	1/8/69	10/21-25/68	2	Granted 1/3/69
								334 I.C.C. 195
25236	Richmond, Fredericksburg and Potomac Railroad Company No. 8 from Richmond, Va. to Wash.,D.C.	8/7/68	9/9/68	No			1	Granted 8/28/68
25244	Baltimore & Ohio RR Co. Nos. 11 and 12 (Metropolitan) between Cincinnati, Ohio, & St. Louis, Mo.	8/12/68	9/12/68	No			2	Granted 8/29/68
	Pet. for Recons.					Recon. D. 9/11/68		
25264	Chicago, Burlington & Quincy RR Co. Disc.Nos. 11 and 12 between Galesburg, Ill., and Lincoln, Nebr.	8/21/68	9/21/68	9/9/68	1/20/69	10/21-25/68	2	Granted bet. Omaha & Lincoln, Denied bet. Galesburg-Omaha
	Pet. 2/12/69 for recon.					1/13/69		334 I.C.C. 248
						Pet. D. 4/14/69		

F.D. No.	Railroad and Points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No.of trains	Action
25288	Baltimore & Ohio RR Co. disc. of consol. trains 37-51 and 52-40 bet.Cumberland, Md. & Wash., D.C.	9/6/68	10/7/68	9/25/68			2	Granted 12/18/68 334 I.C.C. 190
25308	Penn Central Company disc. of trains Nos. 570 & 571 bet. Harrisburg, Pa. and Baltimore, Md.	9/19/68	10/20/68	No			2	Granted 10/8/68
			Pet. for Recons. 10/10/68			Pet. denied 10/16/68		
25314	Richmond, Fredericksburg & Potomac RR Co. No. 15 from Wash. D.C., to Richmond,Va.	9/24/68	10/26/68	No			1	Granted 10/15/68
25315	Seaboard Coast Line RR Co. No. 15 from Richmond, Va. to Hamlet, N.C.	9/25/68	10/26/68	No			1	Granted 10/15/68
25346	Kansas City Southern Ry.Co. & Louisiana & Arkansas Ry. Co. Nos. 1 & 2 - Southern Belle bet. Kansas City,Mo. & New Orleans, La.	10/14/68	11/15/68	11/1/68	3/14/69		2	withdrawn 1/3/69
25371	Chesapeake & Ohio Ry. Co. Nos. 7 & 10 bet. Grand Rapids, Mich., and Chicago, Ill.	11/1/68	12/2/68	No			2	Granted 11/20/68

F.D. No.	Railroad and Points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No.of trains	Action
25373	Penn Central Company Nos. 574 & 575 bet. Buffalo, N.Y. and Harrisburg, Pa.	11/4/68	12/8/68	11/26/68	4/7/69	1/14-17/69	2	Denied 3/20/69 Alternate days 334 I.C.C. 312
25374	Baltimore & Ohio RR Co. Nos. 107 & 112 bet. Washington, D.C. and Baltimore, Md.	11/4/68	12/4/68	No			2	Granted 11/21/68
25377	Southern Railway Co. Nos. 28 and 27 between Oakdale, Tenn. and Columbia, South Carolina	11/5/68	12/6/68	No			2	Granted 11/22/68
25384	Seaboard Coast Line RR Co. Nos. 51 and 52 bet. Florence, S.C. and Augusta, Ga.(Champion)	11/8/68	12/9/68	11/27/68	4/8/69	1/20-24/69	2	Denied 4/4/69 334 I.C.C. 337
25395	Chicago, Milwaukee, St. Paul & Pacific RR Co. Nos. 15 and 16 bet. Minneapolis, Minn. & Aberdeen, S.Dak.	11/15/68	12/16/68	12/4/68	4/15/69	1/20-25/69	2	Granted 4/10/69 334 I.C.C. 354
25414	Penn Central Company Nos. 67 and 68 bet. Chicago, Ill. and Cincinnati, Ohio	12/4/68 Pet. 2/27/69	1/5/69	12/23/68 (Jurisdictional)	5/4/69		2	Granted 2/14/69 334 I.C.C. 354 Pet. D. 3/5/69
25415	New York, New Haven and Hartford RR Co. disc. of passenger service bet.New York, N.Y. & New Haven, Conn., Boston, Mass., and Springfield, Mass.	12/5/68 Pet. 12/30/68	1/6/69	12/23/68	5/5/69		91	hrgs.portion of order vacated, investigation continued. Grant 40 trains retained after restructuring as of 2/2/69

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
25419	Penn Central Co. and Illinois Central RR Co. Nos. 302 & 305 bet. Chicago, Ill., and Indianapolis, Ind.	12/9/68	1/10/69	No			2	Granted 12/26/68
25420	Baltimore & Ohio RR Co. Nos. 132 and 133-135 bet. Baltimore, Md. and Washington, D. C.	12/9/68	1/9/69	No			3	Granted 12/26/68
25421	Baltimore and Ohio RR Co. No. 131 from Baltimore Md. to Washington, D. C.	12/9/68	1/11/69	No			1	Granted 12/30/68
25435	Seaboard Coast Line RR Co. Nos. 33 and 34 between Birmingham, Ala., and Atlanta, Ga.	12/17/68	1/18/69	No			2	Granted 1/6/69
25517	Norfolk & Western Ry. Co. Nos. 301 and 302 (Wabash Cannon Ball) bet. St. Louis, Mo., & Detroit, Mich.	1/31/69	3/3/69	2/19/69	7/2/69	3/23-4/7/69	2	Denied 6/26/69
25543	Penn Central Co. Nos. 3 (Penn Texas) and 30 (Spirit of St. Louis) bet New York & St. Louis, Mo.	2/18/69	3/20/69	3/6/69	7/19/69	4/15-5/2/69	2	Granted 7/11/69
	Pet for recon. of order of 3/6 denied 4/4/69 Pet. for recon. filed 8/18/69							
25550	B&O-C&O Nos. 19-45 and 48-20 bet. Willard, Ohio, and Detroit, Mich.	2/24/69	3/27/69	No			4	Granted 3/13/69
	Pet for recon denied 3/25/69							

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
25567	Louisville & Nashville Nos. 11 & 12 between Flomaton, Ala. and Chattahoochee, Fla.	3/3/69	4/6/69	3/25/69	8/4/69	5/19-23/69	2	Denied 7/29/69
25580	Chicago, Milwaukee, St. Paul & Pacific RR Co. Nos. 55 and 58 between Chicago, Ill. and Minneapolis, Minn.	3/7/69	4/7/69	3/26/69	8/6/69	5/19-26/69	2	Granted 7/31/69
25585	Penn Central Company Nos. 404 and 405 between Albany, N. Y. and Boston, Mass.	3/14/69	4/13/69	4/1/69	8/12/69	5/21-23/69	2	Granted 8/7/69
25596	Baltimore & Ohio RR Co. Nos. 31 and 32 between Cumberland, Md., and Parkersburg, W. Va.	3/24/69	4/24/69	4/10/69	8/23/69	6/9-13/69	2	Granted 8/15/69
25620	Richmond, Fredericksburg & Potomac RR Co. Nos. 33 & 34 bet. Wash. D. C. & Richmond, Va.	4/7/69	5/8/69	No			2	Granted 4/24/69
25635	Northern Pac. Ry. Co. Nos. 124-13 & 14-123 bet Fargo, N. Dak. & Pembina, N. Dak. via Manitoba Jct. Minn.	4/16/69	5/25/69	No			4	Granted 5/13/69
25636	Northern Pac. Ry. Co. Nos. 57 & 58 bet. Duluth and Staples, Minn. via Superior, Wis.	4/16/69	5/25/69	No			2	Granted 5/13/69

F. D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
25645	Norfolk & Western Ry. Co. Nos. 15-25 and 16-26 bet. Norfolk, Va., and Cincinnati, Ohio	4/22/69	5/23/69	No 5/21/69 on recons.			2	Granted 5/8/69
25649	Illinois Central RR Co. Nos. 11 & 12 change in schedule bet Chicago & Dubuque, Iowa, disc. bet Dubuque and Sioux City, Iowa. Pet. for recon. 5/19/69	4/24/69	5/27/69	5/15/69	9/26/69	6/16-24/69	2	
25672	Alabama Gr. Southern RR Nos. 41 & 42 (Pelican) bet. Chattanooga, Tenn. and York, Ala.	5/12/69	6/12/69	No			2	Granted 5/29/69 Pet. for recon. denied 6/10/69
25676	Seaboard Coast Line RR Co. Nos. 33 and 34 bet. Richmond, Va. and Atlanta, Ga. (Silver Comet)	5/14/69	6/15/69	6/2/69	10/14/69	7/28-8/6/69	2	
25679	Atchison, Topeka & Santa Fe Ry. Co. Nos. 211 and 212 bet. Kansas City, Mo., and Tulsa, Okla. (Tulsan)	5/15/69	6/15/69	6/2/69	10/14/69	7/28-8/6/69	2	
25675	Denver & Rio Grande Western RR Co. Nos. 17 and 18 (California Zephyr) bet. Denver, Colo. & Salt Lake City, Utah.	5/12/69	6/16/69	5/23/69	10/15/69	7/14-31/69	2	

F. D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
25704	Union Pacific RR Co. Nos. 5 and 6 between Omaha, Nebr., and Los Angeles, Calif.	5/27/69	6/30/69	6/18/69	10/29/69	8/5-22/69	2	
25705	Southern Pacific Co. Nos. 101 & 102 (City of San Francisco) between Ogden, Utah and Oakland, Calif.	5/27/69	7/18/69	7/2/69			2	Notice Dismissed and order of 7/2 vacated 7/23/69
25711	Illinois Central RR Co. Nos. 105 & 106 between St. Louis, Mo., and Carbondale, Ill.	5/28/69	7/1/69	6/19/69	10/31/69	8/11-14/69	2	
25716	Kansas City Southern Ry. Co. and Louisiana & Arkansas Ry. Co. Nos. 1 and 2 between Kansas City, Mo. and New Orleans, La.	6/2/69	7/3/69	6/17/69	11/2/69	8/11-27/69	2	
25718	Northern Pacific Ry. Co. Nos. 1 and 2 (Mainstreeter) between St. Paul, Minn., & Seattle-Tacoma, Wash.	6/4/69	7/13/69	7/1/69	11/12/69		2	
25731	Chicago, Burlington & Quincy RR Co. Nos. 3 and 4 (Ak-Sar-Ben Zephyr) between Chicago, Ill., and Lincoln, Nebr.	6/13/69	7/13/69	6/30/69	11/12/69	8/18-25/69	2	

F. D. No.	Railroad and Points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
25732	Chicago and North Western Ry. Co. Nos. 209 and 214 (Peninsula 400) between Green Bay, Wisc. and Ishpeming, Mich.	6/13/69	7/16/69	No			2	Granted 7/2/69
25735	Erie Lackawanna Ry Co. Nos. 5 and 6 (The Lake Cities) between Hoboken, N. J. and Chicago, Ill.	6/16/69	7/18/69	7/3/69	12/30/69		2	
25744	Penn Central and Illinois Central RR Co. Nos. 303 and 304 bet. Chicago, Ill., and Cincinnati, Ohio (James Whitcomb Riley)	6/18/69	7/20/69	7/8/69	11/19/69		2	
25751	Chicago, Rock Island & Pacific RR Co. Nos. 17 and 18 (Plainsman) between Minneapolis, Minn. and Kansas City, Mo.	6/23/69 Pet. for Recon. 7/22/69	7/25/69	No			2	Granted 7/11/69 Pet. denied 8/1/69
25755	Penn Central Co. No. 50 (Admiral) and No. 53 (Fort Pitt) from Chicago to New York and from Pittsburg, Pa. to Chicago	6/30/69	7/31/69	7/17/69	11/30/69		2	
25765	Louisville & Nashville Nos. 3 & 4 bet. Atlanta, Ga. & Evansville, Ind. and Nos. 5 & 10 between Evansville and St. Louis, Mo.	7/9/69	8/13/69	7/30/69	12/12/69		4	

F. D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
25767	Texas & Pacific Ry. Co. Nós. 21 and 22 (Texas Eagle) bet New Orleans and Marshall, Tex.	7/11/69	8/18/69	8/6/69	12/17/69		2	
25777	Chicago, Mil. St. P. & Pac. RR Co. Nos. 117 & 118 bet. Chicago, Ill., & Madison, Wis.	7/18/69	8/18/69	8/6/69	12/17/69		2	
25784	Western Pac. RR Co. Nos. 17 & 18 (Calif. Zephyr) bet. San Francisco, Calif., & Salt Lake City, Utah	7/23/69	9/5/69	8/20/69	1/4/70		2	
25793	Southern Pac. Co. partial disc. of Nos. 101 and 102 (City of San Fran) between Ogden, Utah, and Oakland, Calif.	7/29/69	9/1/69	8/20/69	12/31/69		2	
25802	Chicago, Burl. & Quincy RR Nos. 35 & 36 Bet. Omaha, Nebr., and Kansas City, Mo.	8/4/69	9/4/69	8/20/69	1/3/70		2	
25803	Chicago, Burl. & Quincy RR Nos. 15 and 16 bet. Omaha, Nebr., and Kansas City, Mo.	8/4/69	9/4/69	8/20/69	1/3/70		2	

F.D. No.	Railroad and points served	Filed	Effective date	Investigation ordered	Four Mo. date	Hearing date	No. of trains	Action
25807	Atlanta & West Point RR and Western Ry. of Alabama Nos. 37 and 38 bet. Atlanta, Ga. & Montgomery, Ala. (Crecent Limited)	8/5/69	9/6/69	8/22/69	1/5/70		2	
25810	Norfolk & Western Ry Co. Nos. 121 and 124 bet. St. Louis, Mo., and Chicago, Ill. (Blue Bird)	8/8/69	9/8/69	8/27/69	1/7/70		2	
25813	Balt. & Ohio RR Co. reschedule portions Nos. 7 & 10 bet. Wash. D. C., and Akron, Ohio; Disc. bet Akron & Chicago	8/11/69	9/11/69	8/27/69	1/10/70		2	
25816	Gr. Northern Ry. Co. disc Nos. 3 & 4 (Dakotan) bet St. Paul and Fargo,N.D.; 7&8 (Winnipeg Ltd) bet St. Paul and Grand Forks, N.D.; reroute 27 & 28 (Western Star) bet St. Paul and Fargo	8/13/69	9/15/69	9/3/69	1/14/70		6	
25827	Chicago, Mil. St. Paul & Pac RR Co. Nos. 2 and 3 (Hiawatha) bet. Chicago, Ill & Minneapolis, Minn.	8/22/69	9/22/69	9/10/69	1/21/70		2	