

No. 15006¹

RATES, CHARGES, REGULATIONS, AND PRACTICES
GOVERNING TRANSPORTATION OF ANTHRACITE
COAL

Submitted December 16, 1926. Decided February 14, 1927

1. Rates on anthracite coal from mines in Pennsylvania to points in northern New York found unreasonable and, to some points, unduly prejudicial. Just and reasonable rates prescribed. Findings in 104 I. C. C. 514 reversed in part.
2. Proposed increased rates on anthracite coal from mines in Pennsylvania to points in northern New York found not justified. Proposed reduced rates from and to the same points found justified in part. Proceeding discontinued.
2. Reparation denied in No. 16555.

R. W. Barrett, H. A. Taylor, W. L. Kinter, A. H. Elder, and W. J. Larrabee for eastern carriers and for respondents; *H. T. Newcomb, W. Manville Johnson, and W. D. Waldron* for Delaware & Hudson Company; *R. W. Barrett* for Lehigh Valley Railroad Company; *W. J. Larrabee* for Delaware, Lackawanna & Western Railroad Company; *William L. Kinter* for Reading Company; *A. H. Elder* for Central Railroad Company of New Jersey; and *C. R. Marshall* for New York & Pennsylvania Railway Company.

Clark & LaRoe and Wilbur LaRoe, jr., for Syracuse Chamber of Commerce, Watertown Chamber of Commerce, and International Paper Company; *T. M. Varah* for Syracuse Chamber of Commerce; *Joseph A. Quinlan* for Watertown Chamber of Commerce; *John G. Duffy* for Utica Chamber of Commerce; *H. N. Van Antwerp* for John A. Manning Paper Company; *Thomas Kilgallon* for Troy Chamber of Commerce; *H. P. Hanson* for Clayton Chamber of Commerce; *James J. O'Hara* for Carlton & O'Hara and John Comash & Son; *Frederick W. Burton* for Rochester Chamber of Commerce; *J. C. Westbrook* for Corning Glass Works; and *D. J. Sims* for C. L. Amos Coal Company.

¹ This report also embraces No. 16555, *C. L. Amos Coal Company v. Lehigh Valley Railroad Company et al.*, and Investigation and Suspension Docket No. 2637, Anthracite Coal, Pennsylvania to New Jersey, New York, and Pennsylvania. Docket No. 15006 is embraced only in so far as it relates to the rates on anthracite coal from Pennsylvania mines to points in northern New York covered by the report in 104 I. C. C. No. 514, and also to the rates on anthracite coal from Pennsylvania mines to Carthage and Clayton, N. Y.

SUPPLEMENTAL REPORT OF THE COMMISSION

CAMPBELL, *Commissioner*:

During the past 10 years frequent complaint has been made by civic organizations and retail coal dealers in upper New York against the application of higher rates on anthracite coal from producing fields in Pennsylvania to northern New York over joint-line routes than contemporaneously applied over single-line routes.

In our original report in No. 15006, 101 I. C. C. 363, at pages 374 and 375, in commenting upon these complaints, as well as similar complaints from New England, we said:

It is within the power of the respondent carriers to reduce materially the difference of mileage between the short routes on the one hand and several of the longer routes on the other by the formation of new through routes. Moreover, the present structure of rates on anthracite reflects grouping of mines and grouping of numerous points of destination. This grouping principle is inconsistent with the differences in rates which are now maintained between the shorter and the longer routes. And it may be noted that if equalization of rates over all these routes should be brought about the carriers that would suffer reductions on the longer routes are all carriers that have the advantage of numerous relatively high rates for the shorter hauls. We can not authorize equalization of the rates through any increases of rates.

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We shall not authorize any increases of rates on anthracite, and we expect the carriers to reduce the higher rates on domestic sizes and pea size of anthracite applicable over the longer routes to the level of the rates applicable over the shorter routes between the same points, to the end that where the carriers maintained the same level of rates to given points prior to our order in *Rates for Transportation of Anthracite Coal, supra*, [35 I. C. C. 220] that parity of rates shall be restored.

Following that decision the carriers presented to us for approval a plan for reducing the rate disparities over single-line and joint-line routes at northern New York points. This plan contemplated increases in the single-line rates and some increases but mostly reductions in the joint-line rates. In a supplemental report in No. 15006, 104 I. C. C. 514, we approved the plan, but stated that our decision was without prejudice to different conclusions which might be reached upon a more adequate record with respect to the reasonableness of any of the rates. Respondents filed schedules proposing to make the readjustment effective April 1, 1926. Upon protest of the Syracuse, N. Y., Chamber of Commerce and others the operation of these schedules was suspended in No. 2637 until August 29, 1926. Their effective date has been voluntarily postponed by respondents until March 31, 1927. Prior to the suspension of these schedules we had reopened No. 15006 with respect to the rates on anthracite coal to northern New York dealt with in our supplemental report, *supra*, and to Carthage and Clayton, N. Y.

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The complaint in No. 16555, filed December 6, 1924, alleges that the joint rates on prepared and smaller sizes of anthracite coal from points in Pennsylvania on the Lehigh Valley to Syracuse over the route of the Lehigh Valley and the New York Central are unreasonable. The prayer is for the establishment of reasonable rates and an award of reparation on past shipments. A hearing had been held in this proceeding, but it was reopened and further hearing had with No. 2637 and the portion of No. 15006. The rates over the route concerned in No. 16555 are included among the rate changes proposed in No. 2637.

Rates and differences in rates will be stated in amounts per long ton of 2,240 pounds, and unless otherwise specified will refer to those on prepared sizes of anthracite coal. For the purposes of this report the term "prepared sizes" will be understood to include all sizes larger than pea size.

The principal destinations to which changes are proposed in the suspended schedules are on the New York Central system along the Hudson River from near Weehawken, N. J., to Troy, N. Y., thence west to Utica, N. Y., and Syracuse to a point about 50 miles west of Syracuse, thence south along the New York Central to Furnace Run, Pa. Respondents and protestants have treated Albany, N. Y., Utica, and Syracuse as representative points in a group extending from Troy and Mechanicville, N. Y., on the east to Syracuse on the west. The same rates that apply to the principal points in this group also apply over one or more routes to Geneva and Hornell, N. Y., and other points. This group will hereinafter be called the Albany-Utica-Syracuse group. The testimony at the further hearing related principally to the the rates to this group.

The present single-line and joint-line rates to Albany, Utica, and Syracuse are generally \$2.65 and \$3.02, respectively, and the proposed rates \$2.75 and \$2.88. Practically all the increases proposed are to points in the group mentioned. Generally, respondents propose to reduce the spread of 37 cents now existing between the rates at common points in the destination territory over the single-line routes on the one hand and joint-line routes on the other by increasing the single-line rates 10 cents and decreasing the joint-line rates 14 cents, resulting in a spread of 13 cents. Increases are proposed in the single-line rates to 59 destinations. Decreases are proposed in the joint-line rates to 187 destinations.

Prior to 1916, when our order in *Rates for Transportation of Anthracite Coal, supra*, hereinafter referred to as No. 4914, became effective, the rates to Albany over all tariff routes, except from mines on the Reading and mines on the Pennsylvania, were the same. To Utica and Syracuse the rates over a number of joint-line routes

were the same as over the single lines. Where there were rate differences between the single-line and joint-line routes they were 5 to 10 cents at Utica and 10 to 20 cents at Syracuse. The rates then in effect were \$1.95 to Albany, \$2 to Utica, and \$1.90 to Syracuse. In No. 4914 we prescribed rates of \$1.60 to Albany, \$1.50 to Utica, and \$1.40 to Syracuse over the single lines to these points, but before its effective date the order was modified by fixing a rate of \$1.65 to all three of the points. The carriers reduced the single-line rates, but with few exceptions no changes were made in the joint-line rates, and substantial differences were thus created between the single-line and joint-line rates. These differences were accentuated by the general increases made since that time. The general increase of 1920 made the spread 70 cents at Utica and 56 cents at Albany and Syracuse. In 1921 the carriers filed schedules proposing increases in the single-line rates and reductions in the joint-line rates to northern New York under which the spread would have been 14 cents at Syracuse and Utica and 30 cents at Albany. These schedules were suspended, and in *Anthracite Coal to New York Stations*, 63 I. C. C. 193, we found that the difference between the single-line and joint-line rates to common points was too great; that a proper adjustment would require a smaller spread or no spread at all; and that the increased rates proposed had not been justified. The proposed reductions were permitted to become effective, and, in connection with the general reduction of July 1, 1922, resulted in the present spread of 37 cents between the single-line and joint-line rates.

The Pennsylvania participates in rates, among others, of \$3.15 and \$3.41 to Syracuse, \$3.40 and \$3.66 to Utica, and \$3.91 and \$4.17 to Albany, in which no change is proposed. Over the joint-line route from the Wyoming field to Utica of the Delaware & Hudson to Sidney, N. Y., and the New York, Ontario & Western beyond, distance 169 miles, the present and proposed rates are \$2.65 and \$2.75, respectively, the same as over the single-line routes.

Effective August 6, 1926, a rate of \$2.78 was established over the joint-line routes of the Delaware & Hudson via Scranton or Plymouth Junction, Pa., and the Delaware, Lackawanna & Western, hereinafter called the Lackawanna, to Utica and Syracuse. Previously, no joint rates on anthracite coal were in effect over these routes. The distances over the routes via Scranton are 172 miles to Utica and 156 miles to Syracuse. On September 7, 1926, the carriers proposed to increase the rates over these routes to \$2.88, but on account of these proceedings they have voluntarily postponed the effective date thereof until March 31, 1927.

Respondents were not in accord upon the method to be used in reducing or eliminating the spread between single-line and joint-

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line rates. Some of them felt that no changes in the present rates should be made, and the proposed adjustment represents a compromise agreed upon by the interested carriers.

Respondents estimate that the proposed adjustment would result in a net loss of \$21,491, based on the tonnage of 1924 and on the assumption that the traffic would continue to move over the same routes, as follows:

	Reductions	Increases	Loss	Gain
C. R. R. of N. J.....	\$7,279		\$7,279	
D. & H.....	38,533	\$74,196		\$37,663
D., L. & W.....	38,273	54,443		16,170
Erie.....	1,181		1,181	
L. & N. E.....	1,559		1,559	
L. V.....	30,097	2,828	27,271	
N. Y., O. & W.....	34,893	4,687	30,206	
Reading.....	7,828		7,828	
Total.....	157,643	136,152	75,324	53,833

They estimate that to reduce all joint-line rates to the single-line basis would result in a loss of \$713,306.70, computed as follows:

	To territory covered by No. 2637	To intermediate territory	To Rochester, N. Y. territory	To New England points via Albany	Total
C. R. R. of N. J.....	\$16,576.07			\$43,996.51	\$60,572.58
D. & H.....	108,676.12	\$10,377.24	\$17,113.68		136,167.04
D., L. & W.....	110,051.59		24,410.13		134,461.72
Erie.....	3,850.19	604.10	426.99	11,313.00	16,194.28
L. & N. E.....	5,698.03			34,382.54	40,080.57
L. V.....	71,774.40	6,839.06	27,474.47	39,924.00	146,012.53
N. Y., O. & W.....	70,722.96		671.70	1,230.87	72,675.53
Reading.....	28,058.46		15,917.34	63,156.65	107,142.45
Total.....	415,417.82	17,821.00	86,014.31	194,053.57	713,306.70

Included in the carriers' estimated loss of \$713,306.70 is an amount of \$194,053.57 which they estimate would be lost as a result of a probable decrease in divisions accruing to lines up to Albany on traffic to New England. Protestants object to including this figure because they claim a reduction in such divisions would not necessarily follow a reduction in the joint-line rates. They point out that the total operating revenue for the eight anthracite originating carriers in 1924 was \$480,733,894 and that the loss shown in the last table, not including the amount for New England traffic, would be 0.11 per cent of the total operating revenue. Including the estimated loss on New England traffic it would be 0.14 per cent.

The Delaware & Hudson and the Lehigh Valley submitted figures, and respondents refer to the previous record in No. 15006, to show that they are not earning a fair return upon the value of their property devoted to the public use.

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Respondents submitted statements comparing the present single-line rates to Albany, Mechanicville, and Troy with the rates to other points in New York, Pennsylvania, and Connecticut. To many of the destinations used in the comparison the rates were fixed by us in No. 4914, and they are substantially on the same level as to Albany, Mechanicville, and Troy. To other destinations the rates are on a somewhat higher basis.

Respondents compare the proposed single-line rates on anthracite with the rates on various other commodities, such as brick, billets, scrap iron, cement, salt, lumber, petroleum, and slag for similar distances to show that the proposed increased rates on coal would not be out of line with the general structure of rates on heavy-loading commodities. The comparison merely shows rates on various commodities from and to certain points for distances similar to those selected for the coal rates. It is not claimed that any of these commodities, taken alone, are comparable with anthracite coal. On the other hand, protestants show that the ton-mile earnings on anthracite coal are generally equal to and in some instances exceed respondents' ton-mile revenue on all freight.

The Wyoming region is the most northerly region in the anthracite field. From this region the Lackawanna has a single-line haul of 156 miles to Syracuse. This road and the New York, Ontario & Western have single-line hauls of 172 and 162 miles, respectively, to Utica. The Delaware & Hudson has a single-line haul of 197 miles to Albany. From the Wyoming, Lehigh, and Schuylkill regions there are numerous joint-line routes to these points, a number of which are extremely circuitous. To Albany the joint-line routes range from 188 to 517 miles, to Utica from 168 to 422 miles, and to Syracuse from 152 to 439 miles. Several of the originating carriers participate in more than one route to the same destination. For example, the New York, Ontario & Western participates as an originating carrier in three routes to Albany of 188, 242, and 257 miles. There are a number of joint-line routes to Albany, Utica, and Syracuse over which the distances are less than the single-line distance to Albany.

The major portion of the coal used in the Albany-Utica-Syracuse group at points served by both single-line and joint-line routes moves over the single-line routes. For example, 80 per cent of the coal to Syracuse moves over the Lackawanna and 95 per cent of that to Troy moves over the Delaware & Hudson. Protestants urge that the disparity between the single-line and joint-line rates has a tendency to give the single-line carriers a monopoly over certain areas in northern New York and handicaps the retail coal dealer served by the joint-line route in his efforts to compete with dealers located on the single-line routes.

Protestants contend that when we prescribed \$1.65 as a reasonable rate to Albany, Utica, and Syracuse in No. 4914 we gave consideration, not only to distances over the single-line routes, but also to distances over various joint-line routes and that we accordingly made the single-line rates to these points sufficiently high for application over all reasonable routes. In support of this contention they submit a copy of the stenographic report of an informal conference between this commission and representatives of the carriers following that decision, and an application for rehearing filed by the Delaware & Hudson to show that the carriers urged that in fixing rates to northern New York the average distance over both single-line and reasonable joint-line routes should be considered.

Because of the proximity of the Wyoming region to northern New York, the fact that the only single-line routes to this territory from the anthracite fields are from the Wyoming region, and the further fact that the routes from the Lehigh and Schuylkill regions are in a number of instances very circuitous, protestants urge that the rates to the Albany-Utica-Syracuse group should be based on the average distance over reasonable routes from the Wyoming region.

By selecting the shortest routes from the mines in the Wyoming region on each of the originating carriers, except from mines on the Central Railroad of New Jersey to Albany, Utica, and Syracuse, and on the Lehigh Valley to Albany, protestants obtain an average distance of 199 miles from the Wyoming region to Albany, Utica, and Syracuse over what they term reasonable tariff routes. All the routes from the excepted mines were eliminated from the computation as being too circuitous.

Protestants point to the fact that there are numerous junctions via which respondents could form new through routes and thus materially reduce the present differences in distances between the short tariff routes on the one hand and several of the longer tariff routes on the other. For example, the distances over the present tariff routes from mines on the New York, Ontario & Western in the Wyoming region to Syracuse are 180 miles in connection with the New York Central via Oneida, N. Y., and 218 miles in connection with the West Shore via Utica. By excluding the 218-mile route and combining with the 180-mile route possible routes of 171 miles in connection with the West Shore via Earlville, N. Y., and 151 miles in connection with the Lackawanna via Scranton, protestants compute a shorter average distance over what are termed logical routes than over the tariff routes. Protestants are not asking the establishment of any new routes. Their position is that rates should be based on average distances over reasonably direct routes, regardless of whether or not such routes are now open under the tariffs. Re-

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spondents object to the use of distances over routes over which joint rates are not in effect. They point out that a number of these routes would short haul the originating carriers, and that in several instances operating conditions in the mining region would make the use of such routes impracticable. They also object to protestants' use of distances over short tariff routes only, and to the use of average distances which are restricted to mines from the Wyoming region. Without accepting as correct in principle protestants' selection of routes, respondents submit an exhibit showing average distances different from those obtained by protestants over the routes selected by them; also average distances based on exclusion of most of the routes over which no rates are published because such routes would short haul the originating carriers; and also average distances based on all tariff routes.

The following table is illustrative of the respective average distances obtained by both protestants and respondents:

	To Albany	To Utica	To Syracuse	To Albany, Syracuse, and Utica
Submitted by protestants:	<i>Miles</i>	<i>Miles</i>	<i>Miles</i>	<i>Miles</i>
Reasonable tariff routes from Wyoming region	203	186	204	199
Logical routes from Wyoming region ¹	212	190	186	194
Logical routes from Lehigh and Wyoming regions, com- bined ¹	224	210	210	213
Logical routes from all regions ¹	225	217	214	224
Submitted by respondents:				
Logical and tariff routes combined from Wyoming region ² ..	300	232	235	256
Logical and tariff routes combined from all regions ²	322	281	278	294
Logical routes from all regions ¹	257	248	238	248
Principal tariff routes.....	266	271	263	266

¹ Embraces both tariff routes and routes over which no joint rates are published; considered reasonable by protestants.

² Embraces logical routes and tariff routes not included in logical routes.

Protestants and respondents do not agree upon the proper method of computing average distances when more than one origin region or point of destination is involved. Respondents average the distances from each region and then divide by the number of regions to obtain the average from all regions. Protestants, on the other hand, take the distances over the routes from all regions and obtain their average from the total. These different methods result in considerable variation in the average distances. The method employed by protestants more nearly reflects the fair averages.

Both protestants and respondents test the rates under consideration by use of the so-called Buffalo-Tidewater formula,² which they

² For each mile of haul, not exceeding 176 miles, 5.955 mills per long ton, plus a terminal charge of 40.2 cents per long ton; for each mile of haul in excess of 176 miles add 4.7 mills per long ton to the terminal charge, plus the charge for hauling over the first 176 miles.

apparently believe was constructed by us for use in fixing the rates prescribed in No. 4914. They obtain the rate under the formula and then add thereto the general increases and reduction authorized since the decision in that case. By using the Buffalo-Tidewater formula in connection with their average distances of 194 miles over logical routes and 199 miles over tariff routes which they consider reasonable, protestants arrive at a rate of \$2.52, which they offer as reasonable, not only for application over the single-line routes to Albany, Utica, and Syracuse, but over certain joint-line routes. On the other hand, respondents show that under the same formula the average distances of 256 miles obtained by them from the Wyoming region and 294 miles from all regions, shown in the above table, would result in rates of \$3.02 and \$3.28, respectively. The report in No. 4914 does not indicate that such formula was used, and we are not prepared to adopt it in these proceedings. The present rate of \$2.65 over the shortest single-line routes to Albany, Utica, and Syracuse yields net ton-mile revenue of 12, 14.6, and 15.1 mills, respectively.

Respondents urge that in determining the reasonableness of rates from the anthracite regions to northern New York consideration must be given to the fact that the anthracite field is treated as an origin group; that destination points must be grouped to be in accord with the decision in No. 4914, which placed Albany, Utica, and Syracuse on the same single-line rate basis; and that this grouping at origin and destination is necessary to make available to every destination the entire anthracite field. Ordinarily where rates are made on a group basis the rates from an origin group to a destination are the same over all routes from the group. The mere fact that a route is a joint-line haul does not in itself warrant a rate higher than is reasonable for a single-line haul.

It is of importance to the consuming public that access be had to the greatest possible number of mines, especially in times of emergency. Where, as here, however, the distances over a number of the routes are unduly circuitous, fairness demands that such routes be disregarded in determining upon a basis for fixing reasonable rates for application over routes which are not unduly circuitous. Practically all originating carriers in the Wyoming region participating in the longer routes from those mines to the Albany-Utica-Syracuse group also participate in shorter routes.

A coal dealer at Corning, N. Y., which is in the south central part of New York and not in the Albany-Utica-Syracuse rate group, complains of the spread between the single-line and joint-line rates at that point. This dealer receives his coal from the Schuylkill

region over the joint-line route of the Reading and New York Central, distance 225 miles. To this point there are two single-line routes, one over the Lackawanna, 147 miles, and the other over the Erie, 157 miles, over which the present and proposed rates are \$2.27; two joint-line routes of 148 and 159 miles, respectively, over which the present and proposed rates are \$2.39; and three joint-line routes of 225, 265, and 291 miles, respectively, over which it is proposed to reduce the rates from \$3.02 to \$2.88. The rate of \$2.88 would yield net ton-mile earnings of 11.4 mills for 225 miles, 9.6 mills for 265 miles, and 8.8 mills for 291 miles. In No. 4914 we prescribed the same rate to Corning over both single-line routes. That rate, subjected to the general changes since made, is now \$2.27.

For competitive reasons it is highly desirable that the rate paid by a retail dealer located on one route be as nearly as may be the same as the rate paid by a dealer located on another route at the same point. Ordinarily carriers participating in routes of substantial circuitry under substantially similar circumstances and conditions may reasonably expect to charge higher rates than apply over the short route. The extent of such circuitry which would justify a difference in rates, however, may depend upon the method or methods of construction which have controlled the rates under consideration. Where, as here, grouping is so extensively employed at both origin and destination, and where so many reasons of sound public policy exist for treating the rates and routes collectively rather than individually, substantial differences in distance over routes whose use public convenience and necessity require may reasonably be disregarded; but the fact that the rates are to be applicable over all such routes must be given due weight in fixing their level. No specific difference, however, can be strictly adhered to in this rate structure without causing unwarranted violations of the fourth section and other serious complications. In prescribing a reasonable basis of rates from the three anthracite regions we have borne in mind the fact that the Wyoming region is the logical source of anthracite coal for delivery at points in the Albany-Utica-Syracuse group. The Lehigh and Schuylkill regions are south of the Wyoming region, and coal from those regions to these destinations over all routes may well take somewhat higher rates than from the Wyoming region over direct routes.

Generally, lower rates are maintained on pea and smaller sizes than on prepared sizes, and where this occurs the rates on pea and smaller sizes are sometimes the same, but usually the rate on buckwheat No. 1 and smaller sizes is lower than on pea. There is no fixed relation between the rates on prepared sizes on the one hand and the smaller sizes on the other, nor is there a fixed relation between the rates on pea size and the smaller sizes. The following table, showing

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rates to Albany, illustrates the situation with respect to the present and proposed rates on the various sizes :

Rates published by—	Present				Proposed			
	Prepared size	Pea size	Buck-wheat No. 1	Buck-wheat No. 2 and smaller	Prepared size	Pea size	Buck-wheat No. 1	Buck-wheat No. 2 and smaller
D. & H.-----	\$2.65	\$2.27	\$2.27	\$2.27	\$2.75	\$2.50	\$2.27	\$2.27
N. Y., O. & W.-----	3.02	2.65	2.52	2.27	2.88	2.63	2.39	2.27
D. & H.-----	2.77	2.39	2.39	2.39	2.88	2.63	2.39	2.39
N. Y., O. & W.-----	3.02	2.65	2.65	2.52	2.88	2.63	2.52	2.52
D., L. & W.-----	3.02	2.65	2.65	2.52	2.88	2.63	2.63	2.52
L. V.-----	3.02	2.65	2.65	2.65	2.88	2.63	2.63	2.63

We find that the proposed increased rates have not been justified. We further find that the existing adjustment of rates on prepared sizes of anthracite coal from the Wyoming, Lehigh, and Schuylkill regions to Albany, Troy, Mechanicville, Utica, Syracuse, Geneva, Hornell, and other points taking the same rates on prepared sizes over one or more routes considered as a whole is unjust, unreasonable, and unduly prejudicial and preferential in the relation of such rates to each other. We further find that for the future the just and reasonable rates on prepared sizes of anthracite coal to Albany, Troy, Mechanicville, Utica, Syracuse, Geneva, Hornell, and other points taking the same rates on prepared sizes over one or more routes to be hereafter observed will be (a) \$2.65 per ton of 2,240 pounds from all points in the Wyoming region on the line of each carrier serving that region, except the Central Railroad of New Jersey, the Lehigh Valley, and the Pennsylvania, over all single-line routes, and also over the shortest tariff route to each destination, determined by averaging the distances from all mines in the Wyoming region on each carrier to each destination; and (b) \$2.88 per ton of 2,240 pounds from all points in the Wyoming, Lehigh, and Schuylkill regions on the line of each carrier serving any of those regions, over all routes over which a rate of \$2.88 per ton of 2,240 pounds is proposed under the suspended schedules, other than those over which a rate lower than \$2.88 will apply under our conclusions herein.

The record affords no satisfactory basis for prescribing specific rates on pea and smaller sizes, or a definite relationship between the rates on those sizes and on prepared sizes, to the Albany-Utica-Syracuse group. We assume that respondents will continue, in the adjustment of these rates resulting under the findings herein, the same relationships between the rates on prepared sizes and on pea and smaller sizes as exist in the present adjustment.

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We further find that, except where inconsistent with the preceding findings, the proposed reduced rates have been justified.

Our findings in *Anthracite Coal Investigation*, 104 I. C. C. 514, to the extent that they are inconsistent with the findings herein, are reversed.

We are not unmindful of the fact that some of the routes over which the rate of \$2.88 is prescribed are very circuitous. They were selected, however, by respondents themselves, and we are not prepared upon this record to find them to be uneconomical. If respondents participating in any such routes should in the future for any reason prefer to apply the rates prescribed over shorter and more economical routes from the same mines and for the same destination delivery or deliveries, in lieu of the longer routes over which the prescribed rates will apply, appropriate petition for such substitution will have our consideration.

Our conclusions herein are designed to bring about nonprejudicial rate relationships as well as a reasonable level of rates generally. The resulting revision will be in the nature of a general readjustment peculiar to this particular traffic. We find that the rates charged complainant in No. 16555 were not unreasonable in the past. The rate over the route complained of in No. 16555 will be prescribed by order in No. 15006, and the complaint in No. 16555 will be dismissed.

RATES TO ROCHESTER

The Chamber of Commerce of Rochester asks that the joint-line rates and the single-line rate of the Pennsylvania to that point be reduced to the level of the single-line rates of the Lehigh Valley and Erie. No changes in the rates to Rochester are proposed in the suspended schedules, but these rates are part of the general adjustment before us in 104 I. C. C. 514. It is served by about 20 different routes, ranging from 232 miles to 450 miles, an average of 290 miles. There are three single-line routes, the Lehigh Valley, 245 miles, the Erie, 251 miles, and the Pennsylvania, 365 miles. Over the first two routes, the rate is \$3.02 and over the latter, as well as over all joint-line routes, the rate is \$3.15. The rate of \$3.02 also applies over the Lehigh & New England to Goshen, N. Y., and the Erie beyond, 446 miles. With the exception of the route of the Reading to Newberry Junction, Pa., New York Central to Clearfield, and the Buffalo, Rochester & Pittsburgh beyond, 450 miles, that route is the longest over which through rates are published to Rochester.

There are four joint-line routes over which the distances are less than over the single-line route of the Erie. Considerable tonnage moves over the single-line route of the Lehigh Valley, and from

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mines on the Lackawanna and Lehigh Valley for delivery by the Pennsylvania and the Buffalo, Rochester & Pittsburgh, respectively, distances ranging from 250 to 266 miles, but about 60 per cent of the total tonnage moves at the joint-line rates of \$3.15 from mines on the Delaware & Hudson, Lackawanna, Lehigh Valley, and the Reading for delivery on the New York Central, distances ranging from 232 to 403 miles. To Buffalo rates of \$3.28 on prepared sizes and \$2.77 on pea and smaller sizes apply over all routes, for distances of from 276 to 471 miles, an average of 339 miles. The shortest tariff routes from mines on all originating carriers average 262 miles to Rochester and 309 miles to Buffalo. The rates on pea and smaller sizes to Rochester are \$2.65 over routes having a rate of \$3.02 on prepared sizes, and either \$2.65 or \$2.77 over other routes.

The routes of the Pennsylvania direct, 365 miles, the Reading to Milton, Pa., and the Pennsylvania beyond, 386 miles, the Delaware & Hudson to Schenectady, N. Y., and the New York Central beyond, 403 miles, and the Reading and New York Central to Clearfield, Pa., and the Buffalo, Rochester & Pittsburgh beyond, 450 miles, are too circuitous to warrant us in prescribing the same rates as over the more direct routes. We shall make no finding with respect to the reasonableness of the rates over these unduly circuitous routes.

We find that the rate of \$3.15 on prepared sizes to Rochester except over the routes of (a) the Pennsylvania direct, (b) the Reading, Milton, Pa., and the Pennsylvania, (c) the Delaware & Hudson, Schenectady, N. Y., and New York Central, and (d) the Reading, New York Central, Clearfield, Pa., and Buffalo, Rochester & Pittsburgh, is, and for the future will be, unreasonable to the extent that it exceeds, or may exceed, \$3.02 per ton of 2,240 pounds. We further find that the rate of \$2.77 on pea and smaller sizes to Rochester, except over the route of the Delaware & Hudson, Schenectady, and the New York Central beyond, is, and for the future will be, unreasonable to the extent that it exceeds, or may exceed, \$2.65 per ton of 2,240 pounds.

RATES TO CARTHAGE AND CLAYTON

The complaints against the rates to Carthage and Clayton, N. Y., were apparently prompted by our finding in the original report in No. 15006 that the rates of \$3.91 and \$3.65, respectively, on prepared sizes and on pea size of anthracite, to Watertown, N. Y., were unreasonable to the extent that they exceeded the rates contemporaneously maintained to Buffalo. In conformity with that finding the carriers established, generally over all short tariff routes from mines on all originating carriers, except the Erie, the Wilkes-Barre & Eastern,
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the Central of New Jersey, and from some mines on the Pennsylvania, rates of \$3.28 on prepared sizes and \$2.77 on smaller sizes to Watertown. From mines on the excepted carriers, and over other routes, the rates ranged from \$3.47 to \$4.29 on prepared sizes and from \$2.90 to \$4.17 on smaller sizes. The average distance over the shortest tariff routes applying the rate of \$3.28 to Watertown is 296 miles.

At the time of our decision two routes were available to Watertown north of the main line of the New York Central, one extending through Richland, N. Y., and the other extending through Carthage. The rates over both routes were the same to Carthage as to Watertown. When the reduced rates to Watertown were established the carriers canceled the route through Carthage. The latter point is 17 miles east of Watertown. The short route to Watertown is over the Lackawanna & Wyoming Valley to Scranton, Pa., Lackawanna to Syracuse, and the New York Central beyond, 225 miles. To Carthage the short route is over the New York, Ontario & Western to Utica and the New York Central beyond, 236 miles. Clayton is at the end of a branch line of the New York Central, 34 and 38 miles, respectively, beyond Carthage and Watertown.

The rates to Carthage and Clayton over the short-line routes are \$3.91 on prepared sizes and \$3.65 on pea size. These same rates apply to Carthage from mines on practically all carriers serving the anthracite regions over various routes for distances ranging from 236 to 472 miles. Somewhat higher rates are maintained over indirect routes in certain instances. On sizes smaller than pea size the rates over all routes are the same or lower than on pea size. The rates to Clayton are generally the same as to Carthage. The average distances to Carthage and Clayton over the shortest tariff routes carrying the rate of \$3.28 to Watertown are 300 and 334 miles, respectively. The annual consumption of all sizes of anthracite coal is approximately 8,900 long tons at Carthage and 6,500 long tons at Clayton.

By the computation of distances over so-called logical routes and the use of the Buffalo-Tidewater formula in a manner similar to that used by protestants with respect to the rates to the Albany-Utica-Syracuse group, an attempt is made to show that the rates to Watertown as well as to Carthage are unreasonable.

Average distances over logical routes from the Wyoming region to Watertown and Carthage are 246 and 256 miles, respectively, and from the Wyoming, Lehigh, and Schuylkill regions, combined, 272 miles to Watertown and 279 miles to Carthage. The rates obtained by use of the Buffalo-Tidewater formula, as modified by the general changes in rates made since the decision in No. 4914, would be

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\$2.90 for distances of 246 and 256 miles and \$3.15 for distances of 272 and 279 miles.

Respondents admit that the rates to Carthage should be the same as to Watertown but contend that the rates to Watertown are too low. They submitted an exhibit which shows average distances over all tariff routes to Watertown of 330 miles from the Wyoming region and 375 miles from all regions combined. This exhibit also shows average distances to Watertown over all tariff routes combined with those selected by complainant over which no joint rates are in effect of 311 miles from the Wyoming region and 348 miles from all regions. They point out that the use of the Buffalo-Tidewater formula would justify a rate of \$3.78 to Watertown for 375 miles.

On behalf of Clayton several comparisons were made between the rates applicable to Watertown and points in the Rochester and Buffalo groups and those applicable to Clayton in proof of the unreasonableness of the rates to the latter points. The difference of 63 cents between the rates to Watertown and Clayton is said to be excessive, and rates to Clayton not in excess of those to Watertown are desired. Respondents contend that comparisons between the rates to the points selected in the Buffalo and Rochester groups with those to Clayton should be given little weight because the rates to the former points are influenced by the rates to Buffalo and Rochester. They reiterate their contention that the rates to Watertown are too low.

A statement submitted by respondents shows that in 1924 the total tonnage of prepared sizes of anthracite coal to points on the divisions of New York Central on which Carthage, Watertown, and Clayton are located, extending generally from Utica and Syracuse on the south to Ogdensburg and Massena Springs, N. Y., on the north, was 183,953 long tons, of which Watertown received 44,376 tons. Most of the stations shown received less than 2,000 tons.

The rate of \$3.28 on prepared sizes to Buffalo and Watertown yields, respectively, 10.6 and 13 mills per net-ton mile for 276 and 225 miles, as compared with 13.3 mills to Clayton for 263 miles and 14.7 mills to Carthage for 236 miles under the present rate of \$3.91 to those points. Based on average distances to Buffalo and Watertown over the shortest tariff routes from mines on each originating carrier now applying the rate of \$3.28 to Buffalo and Watertown, and to Carthage and Clayton over the shortest tariff routes from mines on each originating carrier now maintaining the rate of \$3.28 to Watertown, the net-ton mile earnings under that rate are 9.5 and 9.9 mills, respectively, to Buffalo and Watertown, and would be 9.8

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mills to Carthage, and under a rate 13 cents higher would be 9.1 mills to Clayton.

We find that the rates on prepared sizes and on pea and smaller sizes to Carthage and Clayton from the same mines and over the same routes from and over which a rate of \$3.28 now applies on prepared sizes to Watertown, including also the route of the New York Central through Glenfield, N. Y., are, and for the future will be unreasonable to the extent that they exceed, or, may exceed, respectively, \$3.28 and \$2.77 per ton of 2,240 pounds to Carthage, and \$3.41 and \$2.88 per ton of 2,240 pounds to Clayton.

Appropriate orders will be entered.

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