

FINANCE DOCKET No. 8508  
DELAWARE & HUDSON RAILROAD CORPORATION  
ABANDONMENT

*Submitted June 9, 1931. Decided July 20, 1931*

Certificate issued authorizing the Delaware & Hudson Railroad Corporation to abandon a portion of its Honesdale branch, in Lackawanna and Wayne Counties, Pa.

*H. T. Newcomb* and *H. D. Boynton* for applicant.

*A. G. Rutherford* for Waymart, Pa., and *J. W. Decker*, Aldenville, Pa.; *Miss S. M. R. O'Hara*, deputy attorney general, for Commonwealth of Pennsylvania; *C. A. Garrett* for Wayne County, Pa.; *O. H. Price* for Atlantic Refining Company.

REPORT OF THE COMMISSION

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND MAHAFFIE

BY DIVISION 4:

No exceptions were filed to the report proposed by the examiner.

The Delaware and Hudson Railroad Corporation, a carrier by railroad subject to the interstate commerce act, on October 4, 1930, filed an application under section 1 (18) of the act for a certificate that the present and future public convenience and necessity permit the abandonment by it of that part of its Honesdale branch extending from a point near Racket Brook, about 4.1 miles east of Lookout Junction, in the city of Carbondale, Pa., in a general easterly direction about 23.62 miles to Honesdale Junction, in the borough of Honesdale, all in Lackawanna and Wayne Counties, Pa. A similar application was made by the applicant to the Public Service Commission of Pennsylvania, which held a joint hearing on both applications. The borough of Waymart, Pa., and *J. W. Decker*, of Aldenville, Pa., appeared by counsel and opposed the granting of the application. Counsel for Wayne County, Pa., and for the Atlantic Refining Company appeared at the hearing but took no part in the proceeding. The Commonwealth of Pennsylvania, by a deputy attorney general, intervened in behalf of the Farview State Hospital, in opposition to the granting of the application, but later withdrew from the case in conformity with a resolution of the board of trustees of that hospital. No recommendation has been made by the State commission.

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The applicant is a New York corporation and the successor in title of The Delaware & Hudson Company, all of whose railroad and transportation property in the United States it acquired and took possession of on April 1, 1930, and has since operated under authority granted by us in *Finance Application of Delaware & H. Co.*, 158 I. C. C. 615.

On August 5, 1927, in Finance Docket No. 6473, the Delaware & Hudson Company applied to us for authority to abandon its entire Honesdale branch, extending from Carbondale, Lackawanna County, to Honesdale, Wayne County, 27.72 miles. By order entered July 30, 1928, that application was denied. *Abandonment by Delaware & Hudson*, 145 I. C. C. 195. In the report in that proceeding, the history of the Honesdale branch, the territory through which it runs, the industries therein, and the traffic of the branch are described at some length. The record in that case showed that the westerly 4 miles, or thereabouts, of the Honesdale branch ran through an anthracite area, in which it served several coal mines, the owners of which opposed the application. In the present proceeding the applicant does not seek to abandon that portion of the line, but asks authority to abandon the rest of the branch.

At the hearing a supplemental application was submitted to the Pennsylvania commission, reciting an agreement between the applicant and the Jefferson Railroad Company, hereinafter called the Jefferson, a subsidiary of the Erie Railroad Company, subject to the approval of the present application, for the sale by the applicant to the Jefferson for \$73,000 of certain of the applicant's railroad property in Honesdale, including the portion of its tracks extending from the northern terminus, at Honesdale Junction, of the line of the Jefferson between Hawley and Honesdale, now leased to the Erie and known as its Hawley-Honesdale branch, northerly through the borough of Honesdale, to a point about 480 feet west of the Lackawaxen River, just northerly of Cherry Ridge Road, including about 6,000 feet of main track and about 12,700 feet of sidetrack, together with the applicant's freight station and other railroad property. The approval of the Pennsylvania commission was sought for this sale. No application has been filed with us for authority to acquire this property.

On October 29, 1928, passenger service on the branch was discontinued and only freight traffic has since been handled. Daily, except Sunday, service was maintained until October 6, 1930, since which date a triweekly freight service has been given. There is now only one agency station, Waymart, between Carbondale and Honesdale.

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The population of the territory served by the line in question has increased somewhat in recent years and is now estimated at about 8,000. Between 1920 and 1930, the population of Honesdale increased from 2,756 to 5,483, although part of the increase was apparently due to annexation of territory, that of Waymart increased from 507 to 898, and that of Prompton decreased from 220 to 186. With this increase in total population the traffic of the region has evidently increased to some extent, as hereinafter indicated. However, an increasing share of the traffic is moving by motor trucks. The trucks handle all kinds of traffic. A few years ago the railroad in question was handling considerable quantities of milk and a large tonnage of mine props for use in the coal mines. Now, however, the trucks are hauling all traffic of these classes. They are also hauling a large part of the coal. It was testified that one-third of the coal for Honesdale is now hauled by truck, that 6,000 tons were so hauled to that borough in 1929 and that it was estimated that 8,000 tons would be so hauled in 1930.

The traffic which the applicant has received from the State Hospital at Farview has been decreasing and the management of that institution has recently concluded that it is more economical to haul its supplies by truck than by rail.

Several of the industries which opposed the former application presented no objections in the present proceeding. The only witnesses for the protestants were a dealer in lumber and building materials at Waymart and a dealer in feed at Aldenville, a village some 5 miles north of Prompton and not on a line of railroad. The lumber dealer testified that his average business was \$100,000 a year; that in 1930 he received 45 carloads of lumber on which he paid freight charges of \$6,245, but made no shipments by railroad, although he expected to ship four or five cars in 1931, and that it would cost him nearly twice as much to ship by truck as by rail. The dealer in feed testified that he handled 140 carloads of feed a year, which was received at Waymart and usually taken from the cars by the farmers to whom he sold it. Both these dealers thought their business would be seriously injured by abandonment of the railroad and that they could not compete with dealers in neighboring towns if they had to depend on transportation by truck.

If the proposed abandonment is authorized, Honesdale will continue to be served by the Erie Railroad Company, which now operates over the applicant's line from the north end of the Hawley-Honesdale branch of the Erie, at Honesdale Junction, northerly about 1 mile to the applicant's freight station in the village of Honesdale. As above noted, this section of the applicant's line is included in the railroad property proposed to be sold by the applicant to the

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Jefferson and the Erie plans to operate thereover as heretofore. The industries at Honesdale will therefore continue to have railroad service practically equal to that which they now enjoy.

The operation of trucks in this region is greatly facilitated by the new cement highway between Carbondale and Honesdale. All of this road, 18 feet wide, is now completed except about 1.5 miles, a little west of Farview. This road is always good, as the State keeps it clear of snow in winter, and its maximum grade is about 8 per cent. There are also good highways connecting Prompton, Waymart, Farview, and other points on the Honesdale branch with stations on the line of the Erie, 6 or 7 miles to the south, and with the country to the north.

The record shows little change in the total volume of traffic moving over the section of railroad sought to be abandoned for several years last past, if the large tonnage of anthracite moved from the culm bank at Seeleyville in 1925 and 1926, during the anthracite strike, be excepted. The revenues and expenses of the line in question are shown as follows:

	Expenses and taxes	Gross revenues	Excess of expenses and taxes over gross revenues
Year 1925.....	\$267,004.02	\$152,791.87	\$115,012.15
Year 1926.....	233,326.34	152,633.86	80,692.48
Year 1927.....	179,731.93	101,515.98	78,215.95
Year 1928.....	152,170.03	96,998.80	55,171.23
Year 1929.....	133,690.21	75,544.43	58,145.78
Year 1930 (first 5 months).....	46,158.19	26,525.06	19,633.13

In the above table the revenues and expenses are allocated to the line sought to be abandoned on a mileage pro rata basis. The revenue accruing to the applicant in 1929 from hauling over the rest of its line the traffic originating or terminating on the portion sought to be abandoned was \$66,616.72 and the estimated off-branch cost of handling such traffic was \$62,650.41, leaving a margin of revenue over cost of \$3,966.31. If this sum be deducted from the \$58,145.78, the excess of expenses and taxes over gross revenue above shown, the difference is \$54,179.47, which is stated as the net loss for the year 1929 from the operation of the section in question.

The line sought to be abandoned is expensive to operate on account of its heavy grades and curves. It is also a circuitous line, the rail distance between the termini of the Honesdale branch, as above noted, being nearly 28 miles, while the distance by highway is only 16 miles. About two-thirds of the tonnage moving over the branch is low-revenue producing freight, such as ice, coal, sand, gravel, and stone, while only about 3 per cent of its freight consists of iron and steel,

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tools, machinery, and other high-grade commodities, as against about 20 per cent on the applicant's railroad as a whole.

The investment cost of the line in question is stated as \$1,473,-885.34, based on our inventory as of June 30, 1916 (prices of a period ending with 1914), less retirements and plus actual cost of additions and betterments to May 31, 1930. The net salvage value of the line is placed at \$129,000.

The applicant alleges that it will soon be put to considerable extra expense if the line in question be retained in service, as much repair work, relaying of track, and replacement of ties and bridge material will have to be done. There will also be a large expense for the elimination of two grade crossings on the westerly part of the line unless the abandonment be promptly authorized. The Public Service Commission of Pennsylvania on June 10, 1930, ordered such elimination at an expense of some \$200,000, and the applicant's share of such expense was fixed at \$20,000.

The record shows that the line has been operated at a relatively large loss for several years and indicates no prospect of improvement in that regard. The road seems, in the main, to have outlived its usefulness. The through coal traffic, for which it was originally built, has long moved to New York and the northeast by other channels, and now so much of the other traffic is moving by motor trucks that what is left for the railroad is wholly inadequate for its support. The operation of the line is a burden upon the applicant's resources and upon the interstate commerce carried on over the other portions of its railroad.

Apparently the only section which will be injured by the abandonment proposed is that along the middle of the Honesdale branch from Prompton to Waymart and the territory to the north tributary to those points, and in view of the excellent highway between Carbondale and Honesdale and the extensive truck service it is improbable that the industries of this territory will suffer greatly. The volume of traffic which they furnish to the railroad is small, and such inconvenience as they may suffer through the proposed abandonment will be more than counterbalanced by the relief thereby afforded to the applicant.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment by The Delaware and Hudson Railroad Corporation of that portion of its Honesdale branch in Lackawanna and Wayne Counties, Pa., described in the application. An appropriate certificate will be issued. Such certificate will provide that it shall take effect and be in force from and after 30 days from its date. Suitable provisions will be made therein for the cancellation of tariffs.

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## CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

*Issued July 20, 1931*

A hearing and investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

*It is hereby certified,* That the present and future public convenience and necessity permit the abandonment by The Delaware and Hudson Railroad Corporation of that portion of its Honesdale branch in Lackawanna and Wayne Counties, Pa., described in the application and report aforesaid.

*It is ordered,* That this certificate shall take effect and be in force from and after 30 days from its date. Tariffs may be canceled upon notice to this commission and to the general public by not less than 10 days' filing and posting in the manner prescribed in section 6 of the interstate commerce act.

*It is further ordered,* That, when filing schedules canceling tariffs applicable on said line of railroad, The Delaware and Hudson Railroad Corporation shall in such schedules refer to this certificate by title, date, and docket number.

*And it is further ordered,* That The Delaware and Hudson Railroad Corporation shall report to this commission as required by valuation order No. 24, effective May 15, 1928.

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