

FINANCE DOCKET No. 10360  
DELAWARE, LACKAWANNA & WESTERN RAILROAD  
COMPANY PUBLIC WORKS IMPROVEMENT

*Submitted February 28, 1934. Decided March 14, 1934*

Upon application of the Delaware, Lackawanna & Western Railroad Company, proposed maintenance and equipment approved as desirable for the improvement of transportation facilities.

*William S. Jenney* for applicant.

REPORT OF THE COMMISSION

DIVISION 4, COMMISSIONERS MEYER, McMANAMY, PORTER, AND  
MAHAFFIE

BY DIVISION 4:

The Delaware, Lackawanna and Western Railroad Company on February 19, 1934, applied under section 203 (a), clause (4), of the National Industrial Recovery Act for approval of railroad maintenance and equipment, as hereinafter described, the cost thereof to be financed through the Federal Emergency Administration of Public Works. No formal objection to the application has been offered.

The proposed maintenance and equipment will consist of the purchase by the applicant of 20 steam locomotives and 5 oil-electric locomotives at an approximate cost of \$2,000,000 and \$400,000 respectively, and 500 fifty-ton steel hopper cars at an estimated cost of \$1,300,000; and the reconstruction by the applicant in its own shops of 986 wooden-sheathed box cars into steel box cars, and of 20 road engines into modern drill or switch engines at an approximate cost, respectively, of \$666,000 and \$300,000. The total cost of the equipment purchased will be approximately \$3,700,000, and that of the reconstruction about \$966,000, making the entire cost approximately \$4,666,000. A loan of that amount, to be used in the purchase and reconstruction of the equipment described, has been requested from the Public Works Administration.

The applicant shows that from January 1, 1924, to January 1, 1934, the number of its steam locomotives has been gradually reduced because of age and obsolescence from 755 to 557; that the number on hand will not be sufficient to handle the traffic which may reasonably be expected upon the return of conditions more

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nearly normal; and that the 20 new steam locomotives will be needed, not only on account of the existing shortage, but because they can be operated at higher speed and in other respects more efficiently than many now in service, with substantial savings in maintenance, fuel, and lubricants. From the annual report of the applicant to this Commission for the year ended December 31, 1932, it appears that it had 574 steam locomotives available for service, of which 197 were over 24 years old, 150 over 19 years old, and 67 over 13 years old. The remaining 160 ranged in age from 11 years to 1 year.

It is represented that the oil-electric locomotives will replace old switch engines which must be retired because of age and obsolescence, that they can be operated on industrial tracks for which the applicant has no other engines available, and that they will be more economical to maintain and operate than any steam engines that could be obtained for that service.

During the past 10 years a large number of the applicant's hopper cars have been retired because of age and obsolescence, the number on hand having declined from 8,657 on January 1, 1932, to 6,915 on January 1, 1934. It is represented that the number on hand will be insufficient to handle the traffic that reasonably may be expected on the return of conditions more nearly normal and that 500 new ones will be needed for the purpose. Moreover, 1,478 of those on hand will be retired by 1936 under rules of the American Railway Association because of having arch-bar trucks.

The 986 wooden box cars to be rebuilt into steel box cars were built in 1924 for carrying automobiles, but are not used for that purpose because they have not the capacity, or end or side doors of the width required in automobile cars today. They will be rebuilt into modern steel-sheathed box cars with side doors 6 feet in width, which will make them suitable for handling all high-class commodities. The applicant has a shortage of such box cars, the number having decreased from 15,568 on January 1, 1924, to 10,684 on January 1, 1934. Of the latter number, 3,861 will be retired by 1936 under rules of the American Railway Association because they have arch-bar trucks. Those now on hand will be insufficient for handling traffic expected under more nearly normal conditions and the 986 cars to be rebuilt will be needed for that purpose.

The 20 road engines to be reconstructed are to be rebuilt from slow-freight road engines into modern high-powered switching engines which the applicant shows are needed for main-yard service, particularly in view of the necessity for retiring some of those on hand on account of age and obsolescence.

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Both the equipment to be purchased and that to be reconstructed are to be placed under equipment-trust agreements and leases, pursuant to which equipment-trust certificates are to be issued to aid in financing the project. A separate application for authority to assume obligations and liability in respect of the certificates to be issued has been filed by the applicant.

In a letter received March 3, 1934, from the vice president of the Brotherhood of Locomotive Firemen and Enginemen, protest is made against "approval of a loan" for the purchase of additional oil-electric locomotives on the ground that the applicant's steam locomotives are adequate for its service and that the installation of the oil-electric locomotives will result in the furlough of firemen and engineers. The protest has been given due consideration. We consider that it raises a question, bearing upon the propriety of making the loan, which is not for our determination. Our function here is only to determine the desirability of the change in motive power as an improvement of transportation facilities.

Upon the facts presented we approve, as desirable for the improvement of transportation facilities, railroad maintenance to be applied to the property of The Delaware, Lackawanna and Western Railroad Company, and equipment for its use, as proposed in the application and described in this report.

An appropriate certificate of approval will be issued.

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