

FINANCE DOCKET NO. 24205

ERIE-LACKAWANNA RAILROAD CO. DISCONTINUANCE OF TRAIN NO. 1 BETWEEN HOBOKEN, N.J., AND CHICAGO, ILL.; TRAIN NO. 2 BETWEEN CHICAGO, ILL., AND HOBOKEN, N.J.; TRAIN NO. 21 BETWEEN HOBOKEN, N.J., AND BINGHAMTON, N.Y.; TRAIN NO. 22 BETWEEN BINGHAMTON, N.Y., AND HOBOKEN, N.J.

Decided November 4, 1966

Upon investigation, found that operation by the Erie-Lackawanna Railroad Company of passenger Trains Nos. 1 and 2 between Hoboken, N.J., and Chicago, Ill., and of passenger Trains Nos. 21 and 22 between Hoboken, N.J., and Binghamton, N.Y., is not required by the public convenience and necessity and that continued operation thereof would unduly burden interstate or foreign commerce.

Wallace R. Steffan for Erie-Lackawanna Railroad Company.

E. Ray Barker, and *Mary Louise Wolford* for the State of Indiana; *Walter J. Myskowski* for the State of New York; *J. Philip Redick* for Public Utilities Commission of Ohio; *Walter E. Zullig, Jr.*, for the State Public Service Commission of New York; and *Andrew G. Schiavone* for the New York State Office of Transportation, protestants.

T. P. Shearer, *Joseph P. Scanlon*, *Henry P. Schmidt*, *Walter M. Donovan*, *Andrew R. Butler*, *Robert L. Malarkey*, *Louis A. Haydu*, *James L. Hens*, *George D. Sattler*, *Griffith Davis*, *S. Thomas McNeal*, *George B. Lee*, *J. H. Smith*, *George P. Sheahan*, *Maurice F. Radrizzi*, *William A. Richards*, and *Joseph F. Brove*, for railway labor organizations.

Joseph J. Notarianni, *Joseph Marzacco*, *Edwin Krawitz*, *George G. Coughlin*, *Robert E. Godfrey*, *William D. Burns*, *Frank L. Bowen*, *C. William Baker*, *Kenneth W. McClune*, *Parvin H. Gottshall*, *William M. Donnelly*, *William J. O'Reilly*, *Jonathan B. Bates*, *Robert E. Peterson*, *William F. Carroll*, *Robert Ambler*, *Holley F. Baker*, and *Sidney H. Singer*, for protestants.

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REPORT OF THE COMMISSION

DIVISION 3, COMMISSIONERS TUGGLE, WEBB, AND TIERNEY

WEBB, *Commissioner*:

Pursuant to the provisions of Section 13a(1) of the Interstate Commerce Act, the Erie-Lackawanna Railroad Company (E-L) filed a notice on June 15, 1966, in which it proposed to discontinue, effective July 16, 1966, the operation of its passenger trains No. 1 (westbound) and No. 2 (eastbound) between Hoboken, N.J., and Chicago, Ill., a distance of approximately 978 miles; and connecting passenger trains No. 21 (westbound) and No. 22 (eastbound) between Hoboken, N.J., and Binghamton, N.Y., a distance of approximately 214 miles. Copies of the notice were served and posted in the manner prescribed by section 13a(1) of the act and the regulations of this Commission.

Upon consideration of petitions and letters of protest filed on behalf of individuals, business establishments, labor associations, community organizations, and regulatory commissions of the affected States, an investigation of the proposed discontinuance of service was instituted by order dated June 30, 1966. The order required continued operation of the trains for a period not exceeding four months beyond the date when the discontinuance would otherwise have become effective. Because of the statutory limitation upon the time available for investigation and decision, the order provided for the omission of a report and recommended order by the examiner and for certification of the record to us for an initial decision. Hearings were held and briefs have been filed.

Description of trains.—Trains 1 and 2 (The Phoebe Snow) operate daily in each direction between Hoboken and Chicago, serving Binghamton. Trains Nos. 21 and 22 operate daily in each direction between Hoboken and Binghamton over the carrier's Delaware Division, which is located to the north of the main-line route of trains Nos. 1 and 2 and is approximately 20 miles longer. Trains Nos. 21 and 22 serve 15 intermediate stations not on the route of Trains 1 and 2. Patrons departing from or destined to those stations may make connections with Trains 1 and 2 for Chicago and intermediate points as follows: Train 21 westbound arrives in Binghamton at 12:50 p.m. and Train No. 1 arrives in Binghamton at 2:30 p.m.; train No. 2 eastbound arrives in Binghamton at 1:33 p.m. and train No. 22 leaves Binghamton at 2:25 p.m. The four trains connect with New York City via ferry and also via the Hoboken tubes of the New York Port Authority which serve the same station in Hoboken. Train No. 1 leaves Hoboken at 10:00 a.m., and arrives in Chicago the following morning at 8:00 a.m. Train No. 2 leaves Chicago at 6:30 p.m., and arrives in Hoboken the following evening at 6:20 p.m. (All times are daylight saving time unless otherwise indicated.) The train schedules, the points served, and their respective populations are shown in appendix A.

Description of equipment and service.—The normal consist of the trains are detailed in Appendix B. Except on rare occasions, trains Nos. 1 and 2 are each powered by two diesel locomotive units. Trains Nos. 21 and 22 are powered by one diesel unit which makes a round trip daily between Hoboken and Binghamton. E-L also operates passenger trains Nos. 5 and 6 between Hoboken and Chicago, and head-end trains Nos. 3 and 4 (which are classified as passenger train service) over the Delaware Division between Hoboken and Binghamton and over the main line between Binghamton and Chicago. The

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diesel units of trains Nos. 3, 4, 5, and 6 and the units on trains Nos. 1 and 2 are assigned in three cycles from Hoboken to Chicago and return, as follows: (1) Trains Nos. 5, 2, and 5, the cycle requiring four units; (2) trains Nos. 1, 6, and 1, requiring four units; and (3) trains Nos. 3, 4, and 3, requiring six units. Including the one-unit required for trains Nos. 21 and 22, current passenger train operations require a pool of 15 diesel locomotive units. The proposed reduced service with anticipated retention of head-end traffic would require 12 units. Thus, E-L would save three units, which would be transferred to freight service, and six of its older and less efficient locomotives would be retired.

Passenger cars used on the involved trains were built in the late 1940's. They were refurbished, overhauled and upgraded in 1963 and 1964. In a further effort to attract and retain patrons, E-L restored sleeping car service on trains Nos. 1 and 2 on January 1, 1964, and provided dining car service over the entire run on August 22, 1964. Observation lounge cars between Hoboken and Youngstown, Ohio, were added on August 1, 1963. Extra passenger cars are added to the trains as needed, and special trains are operated for excursions.

On June 15, 1966, when E-L filed its notice with the Commission, a railway post office car (RPO) was operated between Hoboken and Binghamton on trains Nos. 21 and 22, and between Binghamton and Chicago on Trains 1 and 2. Early in 1966, the Philadelphia Region of the Post Office Department notified E-L that it was considering discontinuance or curtailment of the RPO operations. On July 29, 1966, the RPO car was discontinued between Hoboken and Salamanca, Pa., resulting in a future annual loss of revenue of \$184,000.

E-L's remaining passenger service.—E-L operates passenger trains Nos. 5 and 6 (The Lake Cities) daily over its main line between Hoboken and Chicago. Train No. 5 leaves Hoboken at 7:30 p.m. and arrives in Chicago at 4:10 p.m. Train No. 6 leaves Chicago at 10:35 a.m. and arrives in Hoboken at 8:45 a.m. Train No. 15 (daily except Sunday) operates approximately 311 miles on the main line from Hoboken to Hornell, N.Y., and Train 17 (Sunday only) operates approximately 194 miles from Hoboken to Binghamton. Train No. 10 operates daily except Sunday from Hornell to Hoboken. Trains Nos. 10 and 15 provide additional passenger service over another line of E-L between Hornell and Buffalo, N.Y. Some of the stations served by trains Nos. 21 and 22 (Passiac, N.J., Paterson, N.J., Ridgewood, N.J., and Suffern, N.Y.) are served by E-L's commuter trains. Trains Nos. 21 and 22 provide the only E-L passenger train service between Port Jervis, N.Y., and Binghamton, a distance of approximately 127 miles.

Effect on employees.—Trains Nos. 1 and 2 require 40 on-train employees for each trip, and trains Nos. 21 and 22 require 8 employees for each trip, a total of 96 employees. That figure excludes trainmen now on the trains by reason of the attrition provisions in the New York law which repealed the State's full crew law. E-L expects to reduce 28 shifts a week on five yard switch engines involving 23 jobs. However, carrier has experienced so much difficulty in hiring employees to man the switch engines that it does not expect any adverse effect upon employees as a result of yard engine reduction. E-L would abolish 25 station employee positions which are maintained to service the involved trains.

Financial data.—E-L's general balance sheet as of June 30, 1966, shows assets totaling \$655.4 million, including current assets \$53.9 million; special funds \$3.5 million, investments \$24.7 million; transportation property,

less accrued depreciation and amortization of defense projects, \$561.4 million; miscellaneous physical property, less accrued depreciation, \$5.9 million; and other assets \$6.1 million. Liabilities consisted of current liabilities \$33.2 million; long-term debt due within 1 year \$8.8 million; long-term debt \$337.9 million; reserves \$3.8 million; other liabilities and deferred credits \$18.2 million; capital stock \$163.0 million; capital surplus \$31.3 million; and retained earnings \$59.4 million.

E-L's income statements for 1964, 1965, and the first 6 months of 1966 show, respectively, railway operating revenues of \$212.4 million, \$230.0 million, and \$115.9 million; net railway operating income \$15.4 million, \$27.0 million, and \$16.7 million; and net income (deficit) after fixed charges and interest (\$8.3 million), \$3.3 million, and \$4.6 million.

During the past 10 years the system passenger train operations of E-L (including the combined results of the Erie and the Lackawanna for the periods prior to their merger on October 17, 1960) have been conducted at a substantial deficit. During this ten-year period, E-L and its predecessor railroad companies earned net freight railway operating income of \$128,791,345 and incurred a net passenger railway operating deficit of \$125,774,755. Freight operations resulted in deficits of \$6.5 million in 1961 and \$0.7 million in 1963. Passenger operations resulted in deficits each year.

Strict economies have been applied to all controllable costs. Aggressive efforts have been made to increase revenues and to improve service and efficiency. Unnecessary and unprofitable operations are being curtailed or eliminated wherever possible. In 1960, the combined deficit for the two predecessor railroads was \$20 million. The merged company had net deficits of \$26.5 million in 1961, \$16.6 million in 1962, \$17.1 million in 1963, and \$8.3 million in 1964. E-L had net income of \$3.3 million in 1965 and \$4.6 million in the first 6 months of 1966. Prior to 1965, the last profitable year was 1957 when \$4 million net income was earned.

Financial results of operations.—The carrier submitted exhibits designed to reflect the out-of-pocket financial results of operating trains Nos. 1, 2, 21, and 22. Carrier's summary of the combined results for the four trains for the years 1963, 1964, and 1965 is attached as appendix C. That exhibit shows these results for the combined operations: A profit of \$995,333 in 1963; a profit of \$411,449 in 1964; a loss of \$227,630 in 1965; and a total decline of \$1,222,963 in net out-of-pocket operating results in 1965 as compared with 1963.

Other exhibits were designed to reflect the separate out-of-pocket results of operating each of the trains for the three years and for the first three months of 1966. The pro forma results of operations without the involved trains were computed for the year 1965, and for that reason the exhibit reflecting individual train operations for the year 1965 is reproduced as appendix D. The following table is a summary of the operating results stated by E-L for the four periods, which permits a comparison of the results of operation:

	1963	1964	1965	3 months 1966
<u>Train 1</u>				
Revenues	\$2,366,213	\$2,104,012	\$2,114,855	\$451,276
Expense	<u>1,684,074</u>	<u>1,687,566</u>	<u>1,845,069</u>	<u>447,969</u>
Net Revenue or (Deficit)	\$ 682,139	\$ 416,446	\$ 269,786	\$ 3,307
 <u>Train 2</u>				
Revenues	\$1,832,187	\$1,619,444	\$1,399,675	\$288,848
Expenses	<u>1,661,049</u>	<u>1,637,911</u>	<u>1,758,373</u>	<u>433,165</u>
Net Revenue or (Deficit)	\$ 171,138	\$ (18,467)	\$ (358,698)	\$(144,317)
 <u>Train 21</u>				
Revenues	\$ 460,666	\$ 341,487	\$ 202,767	\$ 35,717
Expense	<u>289,792</u>	<u>281,314</u>	<u>251,427</u>	<u>55,810</u>
Net Revenue or (Deficit)	\$ 170,874	\$ 60,173	\$ (48,660)	\$(20,093)
 <u>Train 22</u>				
Revenues	\$ 248,301	\$ 238,623	\$ 156,541	\$ 30,595
Expense	<u>277,119</u>	<u>285,326</u>	<u>246,599</u>	<u>56,206</u>
Net Revenue or (Deficit)	\$ (28,818)	\$ (46,703)	\$ (90,058)	\$(25,611)

In each of those periods passenger revenues of the trains were less than 40 percent and head-end revenues were more than 60 percent of total operating revenues. Appendix C shows that, compared with 1963, the 1965 passenger revenues declined \$290,717 or 14.9 percent, head-end revenues declined \$742,812 or 25.1 percent, total operating revenues decreased by \$1,033,529 or 21.1 percent, and operating expenses increased by \$189,434 or 4.8 percent. Other than passenger revenue, the principal declines in revenues in 1965 from 1963 were: mail \$249,933 or 11.4 percent, express \$457,056 or 71.3 percent, and milk \$39,646 or 49.0 percent.

Additional head-end revenue loss occurred in 1966. The annual loss of \$184,000 in RPO car revenues has previously been noted. Until the second quarter of 1966, train No. 22 handled regular milk shipments (originating in Homer, N.Y.) from Binghamton to Hoboken. This traffic produced approximately \$40,000 annually. It was diverted from rail movement prior to the hearings in this proceeding. The 1965 out-of-pocket operating results presented by the carrier show a combined loss for the four trains of \$227,630. Assuming that other revenues hold at approximately the 1965 level, the added loss of RPO and milk revenue will result in a future annual deficit exceeding \$450,000.

The following discussion of revenues and expenses will be directly related to the 1965 out-of-pocket results of operation of the individual trains as presented by E-L and attached as appendix D. It is, however, equally applicable to all evidence and exhibits in the record concerning out-of-pocket computations by the carrier. With one exception, all revenues reported are the actual revenues received in operation of the trains. Mail revenues were abstracted from the records of the Post Office Department showing revenues on a weekly basis by train number and route.

The out-of-pocket expenses include crew and station employee costs, as developed from an analysis of time slips and payroll records, and are actual wages paid plus vacation allowance, payroll taxes, and health and welfare benefits. Other costs include (1) locomotive and car equipment costs, such as fuel, lubricants, supplies, maintenance, and depreciation for locomotives, maintenance and depreciation of passenger train cars, and train supplies and expenses, each computed on the basis of annual system average cost per unit-mile and car-mile for the type of equipment used on the trains, applied to unit-miles and car-miles operated on those trains for the period indicated, (2) injuries to persons, (3) yard switching, (4) pullman deficit, (5) dining car deficit, and (6) joint facility expenses. The cost of injuries to persons was computed by applying the system average per train-mile of passenger service to the miles operated by the trains. The yard switching operations to be eliminated have been described above. Yard crew costs were computed in the same manner as train crew costs. Yard locomotive costs were computed by applying the system average yard locomotive cost per hour to the number of hours of operation to be eliminated. Pullman car deficit was based on cost billed to the carrier and paid by the carrier to the Pullman Company for the cars assigned to the trains. Dining car costs were abstracted from dining car department records. Except for the joint facility expenses, which will be separately treated, the described revenue and expense data were developed in accordance with approved methods of computing savable expenses.

E-L's line extends westward to the Indiana-Illinois State line near Hammond, Ind. Trains Nos. 1 and 2 operate beyond that point over 19.8 miles of railroad into the Chicago Dearborn Station and its facilities. The line of railroad and facilities are owned or controlled by the Chicago and Western Indiana Railroad Company (C&WI). Four other railroads and E-L own 20 percent of the outstanding C&WI capital stock, and are proprietary tenants using all or portions of the railroad properties of C&WI. In addition, another railroad and C&WI use all or portions of the same properties.

The operating agreement and supplements provide that the proprietary tenants must make all interest and sinking fund payments to the mortgage trustee, and pay other proprietary expenses including expenditures chargeable to capital accounts, and expenses related to refunding or refinancing current or future mortgage debt. These proprietary expenses are payable periodically one-fifth by each of the proprietary tenants without regard to the proportionate use of facilities. No part of those expenses or payments is reflected in the joint facility expenses which E-L claims as out-of-pocket or savable expenses.

All expenses of operating the joint facilities are allocated to and paid monthly by the user railroads on a use or wheelage basis. The properties used in common are currently divided into 33 wheelage sections, and into special facilities and services. The operating expense and actual tenant usage is separately determined as to each. Certain specified operating expenses are allocated to the sections, facilities, and services as provided in the contract and the other operating expenses are allocated in accordance with customary railroad accounting practices in use from time to time. Those allocated expenses of each section, facility, or service, are separately computed each month, and are billed to the tenants upon the basis of actual wheelage or use of the unit. E-L operates over 25 of the 33 wheelage sections and uses the services of the coach yard for cleaning and servicing passenger cars.

The operating results (appendix D) and the pro forma results of operations without the involved trains (appendix E), as computed by E-L, are based upon 1965 operations. E-L selected April 1965, as a representative month from which to compute the savable joint facility expenses in 1965 operations, and the continuing joint facility expenses in 1965 pro forma operations. E-L computed its average monthly savable expense for each of the 25 wheelage units. Section No. 7, the trackage unit between 23d Street and 33d Street, Chicago, will demonstrate the method used. The total wheelage was 17,384 units; E-L's wheelage for trains Nos. 1 and 2 was 1,150; and the revised wheelage without those trains was 16,234. On that basis, E-L would operate 4,002 or 24.65 percent of the remaining units on section 7 (4,002 divided by 16,234). The total operating expense of the section for the month was \$1,428.61, of which E-L paid \$423.44. On the revised wheelage allocation, E-L would pay 24.65 percent of \$1,428.61 or \$352.15 with a monthly saving of \$71 on section 7. The revised figures on each of the other 24 wheelage sections were computed in the same manner with these results: The total wheelage sections expense was \$329,018.82 of which E-L paid \$67,278.88. E-L would pay \$54,394.90 under the revised operations without trains Nos. 1 and 2 with a monthly saving of \$12,884. All other user railroads paid \$261,739.94 of the total expense and would pay \$274,632.92 under revised operations, an increase of 4.9 percent.

The coach yard service is the only special facility or service for which the carrier claims a saving. Coach yard service is assigned to user railroads according to 13 pages of a specific and detailed accounting formula in "Instructions Pertaining to Accounting and Distribution of Expenses for * * * Joint Coach Yard * * *," dated October 1, 1952. Broadly stated, (1) expenses are charged directly to the user railroad when they can be directly related to the service performed, such as materials and labor; and (2) expenses which cannot be directly related are charged to the common expense of all user railroads and are paid by them on a wheelage basis.

Several meetings were held between accountants for E-L and for C&WI to develop the savings which the coach yard would realize without trains Nos. 1 and 2. It was determined that \$596 would be saved in wages of a surplus coach cleaner and that \$2,996 would be saved in material costs, a total of \$3,592 out of the April 1965, total service expense of \$111,072. The adjusted coach yard service for all user railroads, after exclusion of those savings, would be \$107,480. The total and the adjusted total include both the directly related and the wheelage charges. E-L had 828 cars serviced, 234 of which were in trains Nos. 1 and 2. The coach yard serviced a total of 3,158 cars. The adjusted total, excluding the cars of trains Nos. 1 and 2 would be 2,924 cars. The current average cost per car is \$35.17 and the adjusted average cost is \$36.76, an average increase in cost per car of 4.52 percent. However, in view of the variation in directly related cost, the carrier based its savings upon its \$24,501.92 cost for the month, which includes both directly related and common expenses, and its current average cost per car of \$29.59. The revised cost per car was arrived at by increasing E-L's average by the average increase in the revised cost for all user railroads, or 4.52 percent of \$29.59, resulting in a revised cost per car of \$30.93, or a revised cost for the remaining 594 cars of \$18,372.42. Coach yard savings for the month would be \$24,502 minus \$18,372 or \$6,130.

The monthly joint facility savings claimed by E-L are \$12,884 for wheelage sections and \$6,130 for the coach yard or a monthly total of \$19,014 and a

1965 saving of \$228,168. That figure is higher than the savings claimed in appendix D. While reviewing the working papers in the process of preparing the late-filed joint facilities expense exhibit, the carrier discovered an error in its computation of the material costs portion of the C&WI savings which resulted in a \$369 understatement of carrier's coach yard expense for April 1965. Appendix D, therefore, understates 1965 joint facility expense by \$4,428.

In the development of a pro forma statement, E-L estimated its retained traffic and the additional locomotive units and cars required to handle that retained traffic. The procedures previously described were employed in computing the pro forma joint facility expense for the remaining passenger train operations plus the added equipment estimated to be required in transportation of retained traffic. A redistribution of expense was made between E-L's projected use of the joint facilities and the use of the other tenants. The carrier's savable 1965 joint facility expense, previously analyzed, was subtracted from the projected cost of pro forma 1965 operations producing an added joint facility expense of \$36,964 which would be incurred in the transportation of traffic of trains Nos. 1 and 2 estimated to be retained. That expense is properly accounted for as an expense of the pro forma operation.

Analysis of claimed savable or out-of-pocket joint facility costs and of estimated joint facility expense of transportation of retained traffic demonstrates that E-L has computed these costs in accordance with the principles approved by the Commission in its recent decision in *Chicago, R. I. & P. R. Co. Discontinuance of Trains*, 328 I.C.C. 278. On the basis of the record in this proceeding we conclude that E-L would have realized savings of approximately \$228,168 in joint facility expenses for the year 1965 if trains Nos. 1 and 2 had not been operated, and that the carrier would have incurred added costs of approximately \$36,964 in joint facility expenses for the year 1965 in the transportation of traffic of trains Nos. 1 and 2 which it estimates would be retained in its remaining service.

Taking into consideration the \$4,428 understatement of joint facility expense, E-L claims that its 1965 consolidated operations of the four trains (appendix D) resulted in a deficit of \$232,058; that the operation of trains Nos. 1 and 2 resulted in a deficit of \$93,340; and that the operation of trains Nos. 21 and 22 resulted in a deficit of \$138,718.

In view of the loss of revenues of the discontinued RPO car and milk traffic, it is necessary to examine the known future results of operation. It will be assumed, for this purpose, that the operating expense and the remaining revenues will remain constant although results in 1963, 1964, 1965, and the first quarter, 1966, are to the contrary, as shown in the first paragraph of this section of the report.

The RPO car operated on trains Nos. 1 and 2 between Binghamton and Chicago, a distance of 783.4 miles, and on trains Nos. 21 and 22 between Binghamton and Hoboken, a distance of 194.4 miles. A mileage allocation would determine that trains Nos. 1 and 2 performed 78.54 percent of the service and earned the same percent of the \$184,000 in lost revenues or \$144,514; and that trains Nos. 21 and 22 performed 21.46 percent of the service and earned \$39,486 in revenues. The approximately \$40,000 of diverted milk revenues were earned on train No. 22. Under the assumptions made, trains Nos. 1 and 2 would operate in the future at a deficit of \$93,340 plus \$144,514 or \$237,854, trains Nos. 21 and 22 would operate at a deficit of \$138,718 plus

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\$39,486 plus \$40,000 or \$218,204, and the consolidated deficit would be \$456,058.

Results of operations in the first 3 months of 1966 are attached as appendix F. When the consolidated results for the four trains are annualized, it will be observed that mail and milk revenues are comparable to 1965, although there was a slight decline. The RPO car and the milk traffic had not yet been diverted. Except for "other passenger-train" revenues which increased somewhat, all other annualized revenue accounts declined, principally passenger revenues \$404,068, or approximately 27 percent, and express revenues \$145,449, or approximately 79 percent. Total operating revenues declined \$648,049 or approximately 17 percent, total operating expense declined slightly, and the loss from operations increased \$514,798, or approximately 222 percent. The serious decline in express revenues occurred when the express company discontinued train messenger service out of Hoboken and removed its Hoboken facilities and equipment. As noted in an earlier section of this report, the out-of-pocket contribution of these trains to E-L's earnings has sharply declined between 1963 and 1965, the small profits earned in 1963 and 1964 being converted into a loss in 1965. The above conclusions relating to appendix F appear to confirm that the trend continued during 1966 and will result in a more serious loss than the loss of mail and milk revenues alone.

Pro forma statement for 1965.—E-L claims that operations in 1965 without the four trains would have resulted in a net improvement in operating revenues of \$1,387,927. Supporting details are set forth in appendix E which itemizes estimated retained revenues and expenses by primary accounts. Substantially all estimated retained revenues are in three items: Passenger revenues \$150,259 of the actual 1965 revenues of \$1,489,832; mail \$1,273,193 of \$1,949,976; and express \$183,709 of \$183,709.

As noted above, operations in the first quarter of 1966 indicate that express revenues on the four trains declined in 1966 by \$145,449 to an annual total of \$38,260. All of the express traffic lost to the trains is now moving in piggyback service on E-L's head-end trains Nos. 3 and 4. Therefore, E-L has retained in 1966 all of the express traffic which was moving on the involved trains in 1965, indicating that it probably would have done so in 1965 pro forma operations.

The claimed retained passenger revenues are approximately 10 percent of actual 1965 revenues. The remaining passenger service has been described. Train 5 serves 38 of the 43 stations now served by train No. 1, and Train No. 6 serves 36 of the 41 stations now served by train No. 2. Trains Nos. 15 (except Sunday) and 17 (Sunday only) serve 11 of the 17 (except Sunday) and 4 of the 11 (Sunday only) stations served by train No. 1 between Hoboken and Hornell, and Hoboken and Binghamton, respectively. Train 10 (daily except Sunday) serves 12 of the 17 stations served by train No. 2. Passenger service is also provided by trains on the route of trains Nos. 21 and 22 to all stations between Hoboken and Port Jervis. Trains Nos. 21 and 22 produced only 4.2 percent of total 1965 passenger revenues. E-L provides alternate rail passenger service to the more densely populated portion of that route and to all of the route of trains Nos. 1 and 2. Estimating what passenger revenues would be retained is largely a matter of judgment. In view of E-L's remaining service, its estimate that approximately 10.1 percent of 1965 revenues will be retained by the alternate service is quite conservative.

E-L estimated that it would have retained \$1,273,193 of the \$1,949,976 mail revenues for 1965. This estimate excluded all RPO revenues. Excluded

were the revenues from the RPO cars shown in the consist in appendix B, and the revenues from the RPO cars discontinued in July 1966, which were shown in the consist on Exhibit E in the Statement filed with the Commission but were not included in Exhibit H-34 introduced at the hearing and reproduced as appendix B to this report. The base figure for computing retained mail revenues, after excluding RPO car revenues, was \$1,470,643, the revenues received in 1965 for transportation of bulk mail on the four trains. The mail traffic represented by those revenues can be accommodated and transported on the remaining trains, including head-end trains Nos. 3 and 4. Based upon past experience and performance, E-L estimated that it would retain approximately 90 percent of that bulk mail traffic. First class or preferential mail is transported in RPO cars or closed pouches. Non-preferential mail or parcel post is transported in sealed or working mail cars. The retained traffic was estimated by the traffic department at 1,802 working mail cars and 832 sealed mail cars. The estimated retained revenue of \$1,273,193 represents 87.25 percent of the 1965 bulk mail revenues.

Retained expense for the pro forma operations were computed in the same manner as the actual 1965 expenses. The retained expense is principally related to the addition of two locomotive units to the consists of trains Nos. 5 and 6; the retention of 2,634 mail cars, and 260 express cars; and the Chicago joint facility expense for that equipment, computed as previously described. The figure of 260 express cars is based upon the retention of five cars a week from Akron to Chicago. During the hearings an error was discovered which resulted in an understatement of \$20,983 in account No. 402, train supplies and expenses. The net improvement in income claimed on appendix E would be reduced by that amount.

Motion to strike pro forma statement.—At the hearings protestants moved to strike the pro forma statement on the ground that the sponsoring witness did not know how the retained revenues were estimated and that estimates as to the expense of handling the retained traffic were largely meaningless. The examiner denied the motion. On brief, that ruling is assigned as error and protestants renew the motion to strike. The motion to strike is denied.

The carrier's witness who was cross-examined on retained revenues and expenses is the assistant director of research and has direct supervision over cost analysis and cost research studies. He did not develop the material relating to retained traffic or retained revenues. Those estimates and computations were furnished to him by the traffic and passenger departments so that he could develop the related costs and the net results of operations. Revenues for the years 1963, 1964, 1965, and the first quarter of 1966 were likewise furnished to him by the same departments so that he could develop costs and results of operations for those periods. The witness was quite clear and specific that he had no responsibility or function in the development of actual or retained revenues. He further advised protestants more than once during the cross-examination that the officers of the carrier who were responsible for those computations were in the hearing room and could testify concerning them.

In a brief opening statement, counsel for E-L stated the names of his witnesses and the scope of testimony of each. Among them were the chief accountant for testimony concerning revenues, the cost witness concerning the expense of the operation of the trains, the general superintendent to describe train operations, and the eastern passenger sales manager to describe the head-end traffic on the trains. During the second day of the hearings, at the

request of protestants for information on which witnesses would stand cross-examination as to the results of operations and financial condition of the carrier, counsel again advised that the chief accountant would testify as to revenues and the cost witness would testify as to the operating expenses and the losses resulting from the operations of the trains.

The general superintendent described the handling of head-end traffic and the proposed handling of retained traffic. The eastern passenger sales manager gave further details on the same subjects and concerning estimated retained head-end traffic. The chief accountant testified concerning passenger usage of the trains and trends in patronage. He also testified as to the revenues of the trains and methods used in computing the revenues. Those witnesses completed their testimony and cross-examination prior to the time the cost witness was called to the stand but they were in the hearing room and available for further cross-examination. There was no request for further cross-examination of the witnesses who had previously testified about traffic and revenues, and who were available and, based on their previous testimony, known to be competent witnesses.

Protestants contend that estimated retained revenues are overstated and that retained expenses are understated. The computation of revenues has been described and the estimates of retained passenger and express revenue are entirely reasonable. Protestants contend that the \$1,273,193 estimate of retained bulk mail revenue should be reduced to \$879,000. In contending for the latter figure, they accept the actual 1965 bulk mail revenue figure of \$1,470,643. They then abstract from another proceeding a figure of 2,331 bulk mail cars said to have been transported on the four trains during the first six months of 1965 and double that figure to 4,662 cars to annualize for 1965. That figure of 4,662 cars is divided into the actual 1965 bulk mail revenue to arrive at \$315 as the average revenue per car. Protestants use 2,798 retained bulk mail cars, a figure abstracted from the work papers, and multiply by \$315 as their average 1965 revenue per car to arrive at their estimate of retained 1965 mail revenue.¹ In arriving at the 1965 average revenue per car, the protestants used actual 1965 bulk mail revenues but, as a divisor, used an annualized 1965 number of cars based upon a number of cars claimed, in an entirely unrelated proceeding, to have been transported on the trains during the first half of 1965. That figure was brought into the record in this proceeding in the testimony of the consultant witness who made the above computations. On the other hand, E-L used the actual record, as shown in the Post Office accounts, of cars and revenues on a weekly basis separately stated by train and route. The carrier also had its own records of the billings it made to the Post Office. E-L's estimate of retained traffic, based upon accurate records and upon past experience and informed judgment, are reasonably accurate forecasts of retained mail revenue in pro forma 1965 operations.

Protestants contend that retained expenses of operation are understated. Primary accounts Nos. 311, 317, and 402, as shown in appendix E, are computed in the same manner as described above in connection with actual 1965 operations, based upon unit-mile and car-mile system averages for line-haul passenger train equipment. Protestants' witness, a consultant, based his

¹As shown above, carrier estimated it would retain 2,634 mail cars. Protestants included 156 mail cars to Huntington, an error since carrier did not include those cars as a separate item in its estimate.

computations upon testimony given in an unrelated proceeding by another consultant relating to the carrier's total passenger operations. That testimony was based upon a functional study which assigned to a function or operation all costs related to that function or operation, including costs partially or wholly related to suburban or commuter passenger service; and also assigned costs which the Commission requires to be assigned to separate uniform accounts such as costs of maintenance and repair of rolling stock which E-L leases to other railroads, and the cost of maintenance of structures, all of which E-L properly excluded from its computations. Those computations in the unrelated proceeding were concerned primarily with commuter service and costs. Protestants' consultant witness used the passenger train primary accounts in E-L's form A annual report as his gross expense. He then deducted the functional commuter expense computed in the other proceeding. The result is taken as the total line-haul passenger train expense and the basis for computation of unit-mile and car-mile averages. As an example, the locomotive repair costs for commuter service are substantially inflated by the inclusion of costs belonging in other primary accounts as noted above; and the line-haul expense would be understated by the amount of those costs which were improperly included when, as here, system averages must be computed by primary accounts which contain none of the additives.

Other expenses which were criticized on the basis that system averages were used do not require detailed discussion since that method has been consistently approved as reasonably accurate in other section 13a proceedings.

The protestants' consultant witness also testified that retained joint facility expenses were overstated. He claimed that the savable expense should be \$51,924, which is actually an amount developed in conferences with the joint facility operator which C&WI believes could be saved in wages and materials in the operation of the coach yard service, and which would go to reduce the costs allocated to all users of the service. Computation of savable and retained joint facility expense has been discussed in the above section of financial results of operations, and has been found to be reasonable.

It is contended that retention of traffic would require retention of station employees to service that traffic. The positions to be abolished are maintained to service the involved trains. Station employees servicing the remaining trains on entirely different schedules could adequately handle the extra station duties connected with the retained traffic, amounting to 10 percent of passenger revenues, and approximately five working mail cars per day.

Retained expenses computed by the carrier are claimed by protestants to be approximately 50 percent of what they should be because no mileage is assigned for the return of empty head-end cars. The record contains no evidence or claim that head-end cars used to transport traffic that would be retained are returned to the origin point empty or that any have been so returned on the involved trains.

The carrier forecasts a reduction of 28 yard switch engine tricks or shifts per week upon discontinuance of the four trains. Appendix D indicates an out-of-pocket 1965 cost of \$222,337 for that service. The services expected to be eliminated are one crew 6 days per week at Hoboken, one crew 7 days per week at Hoboken, one crew 5 days per week at Binghamton, one crew 3 days per week at Hornell, and one crew 7 days per week at Youngstown. These yard engines currently make up the trains and perform the required switching and other services. Switch engine duties for the four trains must be performed at

definite times every day. The other duties can be recycled and deferred. E-L believes that the remaining crews and engines can absorb those other duties without impairing service. There are now five crews per day at Hoboken, one crew at Hornell, 25 or 26 crews at Youngstown, and 19 crews at Binghamton.

The \$222,337 annual cost of that switching divided by 28, the number of tricks per week, produces \$7,941 as the average annual cost of one trick of yard switching. The record shows that under the labor agreement the yard engine at Hornell probably could not be discontinued. The average annual cost of the 3 day per week operation is \$23,823 and to that extent the yard switching expense is overstated.

Yard operations for the four trains at Hoboken require from 4 to 5 hours daily. Protestants concede that a yard trick per day could probably be eliminated at Hoboken. Their argument that the remaining 18 yard tricks per week could not be eliminated is based entirely on estimates of two yard crewmen that switching operations require only one to one and a half hours daily. No weight was given by the protestants to the rigid time limits within which yard work for passenger trains must be performed, nor to the ability of remaining yard units to absorb the other yard work. E-L's witness based his judgment upon his experience in eliminating some 10,000 yard tricks per year in the past 2 years. With the elimination of the \$23,823 overstatement for Hornell, we find that E-L could reasonably expect to save \$198,514 in out-of-pocket yard switching expense.

Adjustments.—As previously indicated, E-L incurred a 1965 consolidated operating deficit of \$232,058 for the four trains and a deficit of \$93,340 for trains Nos. 1 and 2. Trains 21 and 22 are not affected by yard switching at Hornell. Adjusted for \$23,823 of yard switching expense at Hornell, which probably cannot be saved, the consolidated loss is \$208,235 and the loss for trains Nos. 1 and 2 is \$69,517.

Results of future operations which were actual operations at the time of the hearings must be adjusted by the same amount and become: Trains Nos. 1 and 2 deficit \$214,031, trains Nos. 21 and 22 deficit \$218,204 (no change), and consolidated deficit \$432,237.

The pro forma statement of 1965 operations (appendix E) requires adjustments for the following expenses which were developed above: Train supplies and expenses were understated \$20,983. The yard engine at Hornell was claimed as an operating expense for trains Nos. 1 and 2. The record does not disclose any other switching duties that are performed by that crew nor that any retained traffic requires service. However, the record indicates that the expense is a passenger train expense and it must be treated here as a retained switching expense of \$23,823. The two items total \$44,806. The pro forma net improvement in income must be reduced by that amount to \$1,343,121.

Passenger utilization.—Passenger statistics are actual for the periods used. Commencing on February 1, 1963, the count and revenues have been compiled by electronic processing machines from conductors' ticket collections and cash ticket sales. Statistics for 1963 are for the 11-month period from February 1, and for 1964, 1965, and the first quarter of 1966, they are for the full period. The following table shows the daily average number of revenue passengers using the trains and the percentage decline from the base year 1963:

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	Train No. 1		Train No. 2		Train No. 21		Train No. 22	
1963 . . .	280.15		278.85		38.84		38.26	
1964 . . .	248.08	11%	246.61	12%	23.35	40%	25.15	34%
1965 . . .	223.26	20%	243.53	13%	20.56	47%	25.35	34%
1966 . . .	164.38	41%	179.96	36%	12.90	67%	15.87	59%

The 1965 average revenue per passenger was \$8.38 on trains Nos. 1 and 2 and \$3.61 on trains Nos. 21 and 22. The decline in passenger and other revenues has been described in the discussion of financial results of operations. The statistics clearly demonstrate an accelerating decline in passenger usage, passenger revenue, and head-end usage and revenues. Moreover, it must be borne in mind that the actual passenger utilization of the equipment is not reflected in the total number of passengers per trip, for most of the passengers travel less than the total distance. For example, on train No. 21 in 1965, although the average number of passengers per trip was 20.56, the average (over the year) for the largest number on the train at any one time was only 12.5. As another example, while train No. 1 served on the average 223 passengers during the nearly 1,000-mile run, the number of passengers on the train at any one time ranged between an average low of 37.6 and an average high of 92.6. It is apparent that these trains run much of the time with a high percentage of unused capacity.

Alternate transportation.—There is continued and increasing competition from private automobiles in intercity passenger transportation, accelerated by the growth of the Interstate Highway System and the growing mileage of limited access highways. Bus transportation, by reason of those same highways and lower bus fares, remains a strong competitor. Air carriers are attracting larger shares of the long-distance traffic with the increasing use of jet planes which can make the flight from New York or Newark to Chicago in approximately two hours compared with approximately 23 hours by train. E-L's alternate service by trains Nos. 5, 6, 15, 17, and 10, and by its New Jersey commuter trains, has been previously outlined. No. 5 leaves Hoboken at 7:30 p.m. and arrives in Scranton, Pa. about 11:00 p.m. It leaves Jamestown, N.Y. about 6:00 a.m. and proceeds through the day to Chicago. No. 6 leaves Chicago at 10:35 a.m. and arrives in Jamestown at 11:00 p.m. It leaves Cresco, Pa. about 6:30 a.m. and proceeds in daylight to Hoboken. Thus, on these segments of the route, the alternate E-L trains run at relatively convenient hours. For about 300 miles between the Scranton-Cresco area and Jamestown, on the other hand, this alternate service is at night and would not be as convenient as the Phoebe Snow for passengers who prefer daytime travel. Over about two-thirds of that 300-mile segment (the portion east of Hornell, N.Y.), there is considerable bus service along the route of the Phoebe Snow and much of it is provided the full distance to and from New York City. Between Jamestown and Hornell, trains Nos. 1 and 2 stop at eight communities which would have neither daytime train service nor convenient air or bus service. These communities in 1965 produced, on the average, fewer than two boarding or debarking passengers per train. The largest is Olean, N.Y., which averaged about five "ons" and five "offs", but the patronage from the others was *de minimus*. Olean has daily New York City service via another railroad.

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Of the points served by trains Nos. 21 and 22, most have frequent bus service, both between intermediate points, and between those points and the termini. Only four would not have direct bus service. Together these four communities have a population of but 3,600, and produced an average of four or five passengers per train. Lacking rail service, these passengers could, with minimal discomfort, go by automobile about 8 to 20 miles to the nearest regular bus stop. In addition, there is other rail passenger service between New York and Chicago, serving some of the points here involved. Many bus and air schedules provide alternate service to most of the communities served by the four trains.

Evidence in opposition.—Approximately 130 persons appeared at the hearings to make statements or give evidence in opposition to discontinuance of the trains. They were Congressmen; State, city and county officials; representatives of civic, religious, and charitable organizations; businessmen; professional men; and other members of the public, most of whom were occasional patrons of the trains. Public officials and civic leaders opposed the discontinuance on the ground that economic and industrial development of the area is dependent upon continued and increased service by all means of transportation, including railroad passenger service.

Business and professional men testified to the need for both passenger and head-end service. Baby poultry is transported out of the area by mail and express. By reason of lack of heat and fresh air, and because of loading and handling, there is a greater loss in shipment by trucks than in rail head-end shipments. Newspapers and TV news film require prompt transportation and delivery. Business trips by train are convenient and comfortable, and the service is dependable whereas other means of transportation are subject to interruption.

Students and teachers use the trains to and from school and in holiday travel. Members of religious orders travel on the trains in the performance of their duties. Some passengers are afraid to travel by air and prefer rail to bus travel.

Protection of employees adversely affected.—It is well established that this Commission has no authority to impose employee protective conditions in a section 13a discontinuance case, although the probable adverse effect of discontinuance upon employees is a factor to be considered in evaluating the public convenience and necessity. In our opinion, the probable adverse effect upon the carrier's employees, when considered with other factors discussed herein, does not justify the findings which we would be required to make before we may order the continuance of the involved trains.

DISCUSSION AND CONCLUSIONS

In a proceeding under section 13a, the factors to be considered, among others, include the effect of the discontinuance upon the localities served, the use presently made of the service sought to be discontinued by the public, the availability of alternative transportation service to the public in the area, and costs incurred and the financial losses sustained by the carrier in providing the service. The burden upon the carrier and upon interstate commerce must be weighed against the need for the service. A substantial need for the service under certain circumstances might justify the continuation of the service, even though it be performed at a loss to the carrier. For example, discontinuance of a particular service might inflict upon the affected communities serious injury

while continuation of the service would impose a relatively light financial burden upon the carrier. But such is not the case here.

In providing the service in question, E-L incurred substantial losses in 1965, and will incur even greater losses in 1966 and subsequent years. E-L's financial condition has improved substantially in the past few years but its recovery should not be jeopardized by substantial and increasing losses incurred in the operation of the trains proposed to be discontinued.

As previously found, E-L's out-of-pocket loss in 1965 operations of the trains was \$208,235. Head-end revenues were lost in 1966. Assuming that all other revenues remain stable, the 1966 loss will be substantially greater, and operations in 1967 and future years will result in an operating loss exceeding \$400,000. When consideration is given to retained traffic and revenue, and related expenses, the net effect of discontinuing the four trains in question will be an annual improvement in E-L's net income in excess of \$1,343,121.

In balancing these considerations against the relatively small public need for the service and the availability of alternative transportation services, it is clear that discontinuance of the four trains is consistent with the purpose of section 13a and the objectives of the national transportation policy.

Contentions of the parties as to fact or law not specifically discussed herein have been considered and found to be without material significance or not justified.

We find that operation by the Erie-Lackawanna Railroad Company of passenger trains Nos. 1 and 2 between Hoboken, N.J., and Chicago, Ill., and of passenger trains Nos. 21 and 22 between Hoboken, N.J., and Binghamton, N.Y., is not required by the public convenience and necessity and that continued operation thereof would unduly burden interstate or foreign commerce.

An appropriate order will be entered, discontinuing the investigation herein.

APPENDIX A

Erie-Lackawanna Railroad schedule of trains nos. 1 and 2 and population of communities served

Stations	Population	Train Miles From Hoboken	Train NO. 1 (READ DOWN)	Train NO. 2 (READ UP)
Hoboken, N. J.	48,441	000.0	Eastern Daylight Saving Time 10:00 am	6:20 pm
Newark, N. J.	405,220	7.8	A 10:15 am	B 6:06 pm
Brick Church, N. J.	77,259 (part of E. Orange)	10.6	A 10:23 am	B 5:54 pm
Summit, N. J.	23,677	20.1	A 10:37 am	B 5:40 pm
Dover, N. J.	13,034	40.8	A 11:03 am	B 5:15 pm
Blairstown, N. J.	1,797	67.5	11:33 am	4:46 pm
East Stroudsburg, Pa.	7,674	84.2	12:00 Noon	4:26 pm
Cresco, Pa.	500	97.3	12:20 pm	4:04 pm
Pocono Summit, Pa.	275	105.3	12:35 pm	3:51 pm
Scranton, Pa.	111,443	135.8	1:25 pm	3:10 pm
Binghamton, N. Y.	75,941	194.4	2:45 pm	1:55 pm
Endicott, N. Y.	18,775	203.0	3:01 pm	1:20 pm
Owego, N. Y.	5,417	216.4	3:18 pm	1:03 pm
Waverly, N. Y.	5,950	235.5	3:41 pm	12:42 pm
Elmira, N. Y.	46,517	253.1	4:15 pm	12:20 pm
Corning, N. Y.	17,085	271.1	4:40 pm	11:45 am
Hornell, N. Y.	13,907	311.6	5:45 pm	10:55 am
Wellsville, N. Y.	5,967	333.7	6:20 pm	9:53 am
Olean, N. Y.	21,868	375.0	7:15 pm	9:10 am
Salamanca, N. Y.	8,480	392.9	7:47 pm	8:45 am
Randolph, N. Y.	1,414	410.5	-	U 8:15 am
Jamestown, N. Y.	41,818	426.9	8:35 pm	7:55 am
Corry, Pa.	7,744	453.8	Eastern Daylight Saving Time 9:10 pm	7:15 am
Meadville, Pa.	16,671	495.4	10:00 pm	6:25 am
Greenville, Pa.	8,765	521.5	10:35 pm	5:45 am
Sharon, Pa.	25,267	537.6	11:02 pm	5:20 am
Youngstown, Ohio	166,689	551.4	11:40 pm	4:55 am
Niles, Ohio	19,545	560.2	J 11:51 pm	-
Warren, Ohio	59,648	565.3	12:02 am	4:15 am
Kent, Ohio	17,836	595.5	12:43 am	3:35 am
Akron, Ohio	290,351	606.2	1:10 am	3:12 am
Ashland, Ohio	17,419	655.9	2:05 am	2:07 am
Mansfield, Ohio	47,325	672.6	2:30 am	1:47 am
Galion, Ohio	12,650	688.0	3:00 am	1:25 am
Marion, Ohio	37,079	708.9	3:40 am	1:00 am
Lima, Ohio	51,037	760.9	4:44 am	11:45 pm
Ohio City, Ohio	851	782.2	M 5:12 am	-
Decatur, Ind.	8,327	804.9	5:29 pm	10:55 pm
Huntington, Ind.	16,185	835.5	6:10 am	10:25 pm
Rochester, Ind.	4,883	877.2	Central Daylight Saving Time 5:55 am	8:35 pm
North Judson, Ind.	1,942	908.3	F 6:30 am	-
Crown Point, Ind.	8,443	941.8	M 7:05 am	N 7:29 pm
Hammond, Ind.	111,698	957.2	7:23 am	7:10 pm
Englewood, Ill.	3,550,404	971.5	-	-
Chicago, Ill.		977.8	8:00 am	6:30 pm

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APPENDIX A

- A - Stops to receive passengers.
- B - Stops to discharge passengers.
- F - Stops on signal to receive and discharge passengers.
- J - Stops on advance notice to discharge from Meadville and East, and receive for Galion and West.
- M - Stops on advance notice to pick up for Chicago and let off from Youngstown and East.
- N - Stops on advance notice to pick up for Youngstown and East and let off from Chicago.
- U - Stops on advance notice to let off from Meadville and West.

Source of Population - Commercial Atlas and Marketing Guide - Rand McNally 96th Edition - 1965.

Note - Stations Ashland, Ohio to Huntington, Ind., inclusive observe Eastern Standard Time, which is one hour earlier than times shown on this Exhibit.

Erie-Lackawanna Railroad schedule of trains nos. 21 and 22 and population of communities served

STATIONS	POPULATION	TRAIN MILES FROM HOBOKEN	NO. 21 (READ DOWN)	NO. 22 (READ UP)
Hoboken, N. J.	48,441	000.0	EASTERN DAYLIGHT 7:25 AM	SAVING TIME 7:40 PM
Passaic, N. J.	53,963	10.6	7:35 AM	7:19 PM (A)
Paterson, N. J.	143,663	15.6	7:54 AM (E)	7:11 PM (A)
Ridgewood, N. J.	25,391	20.9	8:04 AM (E)	7:02 PM (A)
Suffern, N. Y.	5,094	30.5	8:18 AM	6:52 PM
Goshen, N. Y.	6,835	58.7	8:49 AM	6:20 PM
Middletown, N. Y.	5,000	66.0	9:00 AM	6:10 PM
Port Jervis, N. Y.	9,268	87.2	9:40 AM	5:40 PM
Shohola, Pa.	100	106.1	10:06 AM	5:07 PM (C)
Lackawaxen, Pa.	250	110.1	10:13 AM	5:00 PM (C)
Narrowsburg, N. Y.	550	121.4	10:28 AM	4:44 PM
Cochecton, N. Y.	1,070	129.9	10:41 AM (B)	4:33 PM (C)
Callicoon, N. Y.	2,176	135.1	10:51 AM	4:25 PM
Hancock, N. Y.	1,830	163.3	11:30 AM	3:45 PM
Deposit, N. Y.	2,025	176.0	11:50 AM	3:28 PM
Susquehanna, Pa.	2,591	191.6	12:20 PM	3:01 PM
Binghamton, N. Y.	75,941	214.1	12:50 PM	2:25 PM

- (E) Stops to receive passengers.
- (B) Stops on advance notice to discharge passengers from Ridgewood and East, and receive passengers for Binghamton and West.
- (C) Stops on advance notice to let off passengers from Binghamton and West, and pick up passengers for Ridgewood and East.
- (A) Stops to discharge passengers.

Source of Population - Commercial Atlas and Marketing Guide, Rand McNally 96th Edition - 1965

APPENDIX B

Equipment consist of train no. 1

Type of Equipment		Origin	Destination	
1 Mail	(Sealed)	Youngstown	Chicago	Ex. Mon
1-5 Mail	(Sealed)	Hoboken-Huntington & Chicago & Via		Ex. Sun.
1 Papers	(Sealed)	Hoboken	Chicago	Tues. only
1 Mail & Baggage		Binghamton	Chicago	Daily off 21
1 RPO (30 Ft.)	(Bge End West)	Hoboken	Chicago	Daily (Does not work be- tween Hornell and Salamanca)
1 Coach		Hoboken	Hornell	Tues. & Thurs.
1 Coach		Hoboken	Hornell	Fri. & Sun.
2 Coaches		Hoboken	Chicago	Daily
1 Diner		Hoboken	Chicago	Daily
1 Sleeper		Hoboken	Chicago	Daily
1 Tavern Lounge		Hoboken	Youngstown	Daily
1 Mail	(Sealed)	Binghamton	Elmira	As required
1 Express		Akron	Chicago	Ex. Mon.
<u>EQUIPMENT CONSIST OF TRAIN NO. 2</u>				
1-3 Mail	(Sealed)	Chicago	Hoboken	As Develops
1 Mail & Baggage		Chicago	Binghamton	Daily for #22 to Hoboken
1 Mail	(Work)	Chicago	Binghamton	Daily Terminates Binghamton
1 Mail	(Sealed)	Binghamton	Hoboken	Daily Originates Binghamton
1 Mail & Baggage		Binghamton	Hoboken	Ex. Sun. - Originates Binghamton
1 RPO (30 Ft.)	(Bge End East)	Hornell	Hoboken	Daily
1 Coach		Hornell	Hoboken	Sunday
2 Coaches		Chicago	Hoboken	Daily
1 Diner		Chicago	Hoboken	Daily
1 Sleeper		Chicago	Hoboken	Daily
1 Tavern Lounge		Youngstown	Hoboken	Daily
<u>EQUIPMENT CONSIST OF TRAIN NO. 21</u>				
1 Mail	(Sealed)	Hoboken	Binghamton	Ex. Sun.
1 Mail & Baggage		Hoboken	Binghamton	Daily for #1 to Chicago
1 Coach		Hoboken	Binghamton	Daily
<u>EQUIPMENT CONSIST OF TRAIN NO. 22</u>				
1 Mail & Baggage		Binghamton	Hoboken	Daily off #2
1 Coach		Binghamton	Hoboken	Daily from Binghamton

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APPENDIX C

Erie-Lackawanna Railroad Company summary of revenues and expenses train numbers 1, 2, 21 and 22 for the years 1968, 1964 and 1965

Line No.	1963	1964	1965	Inc. or (Dec.) 1965 vs. 1963	Percent Inc. or (Dec.)	Reference Sheets 2, 3 and
OPERATING REVENUE:						
1	\$1,765,589	\$1,638,883	\$1,489,832	\$ (275,757)	(15.6)	Line 1
2	5,582	7,940	3,859	(1,723)	(30.9)	" 2
3	2,199,909	1,991,324	1,949,976	(249,933)	(11.4)	" 3
4	640,765	391,017	183,709	(457,056)	(71.3)	" 4
5	31,054	37,344	36,600	5,546	17.9	" 5
6	80,971	68,637	41,325	(39,646)	(49.0)	" 6
7	183,497	168,421	168,537	(14,960)	(8.2)	" 7
8	4,907,367	4,303,566	3,873,838	(1,033,529)	(21.1)	" 8
OPERATING EXPENSE:						
9	1,137,601	1,166,786	1,184,514	46,913	4.1	Line 13
10	2,293,198	2,251,455	2,389,151	95,953	4.2	" 28
11	305,064	286,338	329,265	24,201	7.9	" 31
12	176,171	187,538	198,538	22,367	12.7	" 32
13	3,912,034	3,892,117	4,101,468	189,434	4.8	" 33
14	995,333	411,449	(227,630)	(1,222,963)	-	Line 34
PROFIT OR (LOSS) FROM OPERATIONS						

INTERSTATE COMMERCE COMMISSION REPORTS

APPENDIX D

Erie-Lackawanna Railroad Company

Statement of revenues and expenses train numbers 1, 2, 21 and 22 for the year ending December 31, 1965

Line No.	I. C. C. Account No.	I. C. C. Account Name	Total	Train No. 1	Train No. 2	Train No. 21	Train No. 22	Line No.
		OPERATING REVENUE:						
1	102	Passenger	\$1,489,832	\$ 720,108	\$ 709,283	\$ 26,606	\$ 33,835	1
2	103	Baggage	3,859	1,865	1,837	69	88	2
3	106	Mail	1,949,976	1,121,079	598,966	147,071	82,860	3
4	107	Express	183,709	160,169	939	22,601	-	4
5	108	Other passenger - train	36,600	28,560	1,800	6,240	-	5
6	109	Milk	41,325	1,371	16	180	39,758	6
7	131	Dining and buffet	168,537	81,703	86,834	-	-	7
8		Total Railway Operating Revenues	3,873,838	2,114,855	1,399,675	202,767	156,541	8
		OPERATING EXPENSE:						
9	311	Other locomotives - Repairs, Diesel locomotives - Other	355,141	152,678	152,444	23,719	26,300	9
10	317	Passenger - train cars - Repairs	725,381	355,282	308,650	33,755	27,694	10
11	331	Equipment - Depreciation	73,701	22,123	22,122	14,728	14,728	11
12	335	Employees' health and welfare benefits	30,291	14,292	12,875	1,498	1,498	12
13		Total Maintenance of Equipment	1,184,514	544,382	496,091	73,821	70,220	13
14	373	Station employees	193,427	89,668	89,666	7,048	7,045	14
15	392	Train enginemen	411,204	163,694	164,154	41,678	41,678	15
16	394	Train fuel	330,150	144,477	144,466	20,274	20,933	16
17	397	Water for train locomotives	1,641	718	718	101	104	17
18	398	Lubricants for train locomotives	26,734	11,699	11,698	1,642	1,695	18
19	399	Other supplies for train locomotives	6,865	3,004	3,004	422	435	19
20	400	Enginehouse expenses - train	88,523	38,745	38,728	5,437	5,613	20
21	401	Trainmen	423,281	182,375	181,356	29,775	29,775	21
22	402	Train supplies and expenses	221,768	108,620	94,361	10,319	8,468	22
23	403	Operating sleeping cars	93,444	46,722	46,722	-	-	23
24	409	Employees' health and welfare benefits	50,573	21,487	21,015	4,069	4,002	24
25	420	Injuries to persons	95,464	39,172	39,172	8,560	8,560	25
26	Various	Yard switching (a/c 311, 382 and 385 thru 389)	222,337	76,079	76,259	34,910	35,089	26
27	"	Chicago and Western Indiana Railroad Savings	223,740	126,100	97,640	-	-	27
28		Total Transportation	2,389,151	1,052,560	1,008,959	164,235	163,397	28
29	441	Dining and buffet service	321,856	156,657	165,199	-	-	29
30	449	Employees' health and welfare benefits	7,409	3,608	3,801	-	-	30
31		Total Miscellaneous Operations	329,265	160,265	169,000	-	-	31
32	532	Railway tax accruals	198,538	87,862	84,323	13,371	12,982	32
33		Total Railway Operating Expenses	4,101,468	1,845,069	1,758,373	251,427	246,599	33
34		PROFIT OR (LOSS) FROM OPERATIONS	(227,630)	269,786	(358,698)	(48,660)	(90,058)	34

330 I.C.C.

APPENDIX E

Erie-Lackawanna Railroad Company

Estimated effect on E-L net income by discontinuing trains 1, 2, 21 and 22 for the year ending December 31, 1965

330 I.C.C.

Line No.			
1	1965 Total Railway Operating Revenue		\$ 3,873,838
2	Estimated Revenue Retained: a/c 102 - Passenger		150,259
3	103 - Baggage		2,425
4	106 - Mail		1,273,193
5	107 - Express		183,709
6	108 - Other passenger - train		23,291
7	Total Revenue Retained		<u>1,632,877</u>
8	TOTAL REVENUE LOST (line 1 minus line 7)		2,240,961
9	1965 Total Railway Operating Expense		4,101,468
10	Estimated Expense Retained: a/c 311 - Other locomotives - Repairs, Diesel locomotives - Other		72,573
11	317 - Passenger-train cars - Repairs		184,285
12	335 - Employees' health and welfare benefits		9,817
13	392 - Train enginmen		3,406
14	394 - Train fuel		71,844
15	397 - Water for train locomotives		357
16	398 - Lubricants for train locomotives		5,817
17	399 - Other supplies for train locomotives		1,494
18	400 - Enginehouse expenses - train		19,266
19	402 - Train supplies and expenses		35,358
20	409 - Employees' health and welfare benefits		2,220
21	- Chicago and Western Indiana expense		36,964
22	532 - Railway tax accruals		29,179
23	Total Expense Retained		<u>472,580</u>
24	TOTAL EXPENSE SAVED (line 9 minus line 23)		3,628,888
25	NET IMPROVEMENT IN INCOME (line 24 minus line 8)		1,387,927

APPENDIX F

Erie-Lackawanna Railroad Company

Statement of revenues and expenses train numbers 1, 2, 21 and 22 for the three months ending March 31, 1966

Line No.	I. C. C. Account No.	I. C. C. Account Name	Total	Train No. 1	Train No. 2	Train No. 21	Train No. 22	Line No.
OPERATING REVENUE:								
1	102	Passenger	\$271,441	\$136,253	\$125,908	\$4,102	\$5,178	1
2	103	Baggage	646	322	302	10	12	2
3	106	Mail	472,300	280,898	145,986	29,853	15,563	3
4	107	Express	9,565	7,936	-	-	-	4
5	108	Other passenger - train	10,170	7,936	500	1,734	-	5
6	109	Milk	9,863	-	3	18	9,842	6
7	131	Dining and buffet	32,551	16,302	16,149	-	-	7
8		Total Railway Operating Revenues	806,436	451,276	288,848	35,717	30,595	8
OPERATING EXPENSE:								
9	311	Other locomotives-Repairs, Diesel locomotives - Other	72,412	32,631	32,631	3,575	3,575	9
10	317	Passenger - train cars-Repairs	173,080	85,508	76,479	5,838	5,255	10
11	331	Equipment - Depreciation	18,426	5,531	5,531	3,682	3,682	11
12	335	Employees' health and welfare benefits	8,016	3,819	3,554	330	313	12
13		Total Maintenance of Equipment	271,934	127,489	118,195	13,425	12,825	13
14	373	Station employees	49,115	22,777	22,766	1,784	1,788	14
15	392	Train enginemen	102,260	40,524	40,725	10,357	10,654	15
16	394	Train fuel	76,206	34,341	34,341	3,762	3,762	16
17	397	Water for train locomotives	380	171	171	19	19	17
18	398	Lubricants for train locomotives	6,172	2,781	2,781	305	305	18
19	399	Other supplies for train locomotives	1,584	714	714	78	78	19
20	400	Enginehouse expenses - train	20,436	9,209	9,209	1,009	1,009	20
21	401	Trainmen	107,991	45,196	47,767	7,640	7,388	21
22	402	Train supplies and expenses	51,910	25,645	22,938	1,751	1,576	22
23	403	Operating sleeping cars	22,923	11,462	11,461	-	-	23
24	409	Employees' health and welfare benefits	16,825	6,751	6,861	1,566	1,647	24
25	420	Injuries to persons	23,540	9,659	9,659	2,111	2,111	25
26		Yard switching (a/c 311, 382 and 385 thru 389)	56,249	18,602	19,607	8,517	9,523	26
27		Chicago and Western Indiana Railroad Savings	54,778	30,966	23,812	-	-	27
28		Total Transportation	590,369	258,798	252,812	38,899	39,860	28
29	441	Dining and buffet service	73,004	36,081	36,923	-	-	29
30	449	Employees' health and welfare benefits	1,577	768	809	-	-	30
31		Total Miscellaneous Operations	74,581	36,849	37,732	-	-	31
32	532	Railway tax accruals	56,266	24,833	24,426	3,486	3,521	32
33		Total Railway Operating Expenses	993,150	447,969	433,165	55,810	56,206	33
34		PROFIT OR (LOSS) FROM OPERATIONS	\$86,714	3,307	\$44,317	(20,093)	(25,611)	34