

FINANCE DOCKET NO. 25735

ERIE LACKAWANNA RAILWAY CO. DISCONTINUANCE OF
TRAINS NOS. 5 AND 6 BETWEEN CHICAGO, ILL., AND HO-
BOKEN, N. J.

Decided December 19, 1969

Upon investigation, found that the operation by the Erie Lackawanna Rail-
way Co., of passenger trains Nos. 5 and 6 between Hoboken, N. J.,
and Chicago, Ill., is not required by public convenience and necessity
and that continued operation thereof will unduly burden interstate com-
merce. Investigation discontinued.

Wallace R. Steffen for the Erie Lackawanna Railway Co.

Walter E. Zullig, Jr., for the Public Service Commission of the
State of New York, protestant.

Sheldon A. Taft and *Donald E. Ely* for the Public Utilities Com-
mission of the State of Ohio, protestant.

Vincent J. Dotoli for the New Jersey Board of Public Utilities
Commissioners, protestant.

Dominic J. Ferraro for the Public Utilities Commission of the
State of Pennsylvania, protestant.

Walter J. Myskowski for the State of New York, protestant.

Bernard Rane for the corporation counsel, city of Chicago, pro-
testant.

Louis L. Walters for the corporation counsel, city of New York,
protestant.

Mary Louise Wolford and *Carl E. Van Dorn* for the public of the
State of Indiana, protestant.

Howard W. Robison, U. S. House of Representatives, 33rd Con-
gressional District, New York, protestant.

John H. Carson and *Murril A. Longstreth*, mayors of the cities of
Kent and Galion, Ohio, respectively, protestants.

336 I.C.C.

Harvey Gelb, William J. Holbrook, Edwin Krawitz, John C. Gridley, Raymond Nowland, Edward T. Lagonegro, Charles B. Magnuson, Edward C. Bennett, Kenneth W. McClure, and Robert B. Chorpene for the cities of Scranton, Pa., Hornell, N. Y., the borough of East Stroudsburg, Pa., the Chemung County, N. Y., Board of Supervisors and Chemung County Council of Government, the village of Horseheads, N. Y., the cities of Elmira, Jamestown, and Salamanca, N. Y., and the cities of Lima and Galion, Ohio, respectively, protestants.

T. P. Shearer for the Brotherhood of Railway and Airline Clerks (Pennsylvania), protestant.

Homer E. Peters, F. B. Broadman, Harris M. Elinore, Gilbert B. Wood, Donald J. Bogen, Stephen Lanza, Gerald Dreaver, William A. Richards, Joseph F. Brove, J. Thomas McNeal, B. L. Dresbach, J. H. Smith, George B. Lee, George P. Sheahan, Maurice F. Radriizzi, and Thomas J. Duggan for railroad labor organizations, protestants.

Frank Ondrusek and Thomas D. Conole for the Chamber of Commerce of Broome County, N. Y., and *N. P. Falconer, Edward J. Glasser, and Georgia A. Shape*, respectively, for the Chambers of Commerce of Jamestown, N. Y., Kent, Ohio, and Huntington, Ind., protestants.

Jack B. Kirsten, George J. Bindas, and John D. Latell for various regional governmental authorities, protestants.

REPORT OF THE COMMISSION

DIVISION 3, COMMISSIONERS TUGGLE, DEASON, AND HARDIN

TUGGLE, *Commissioner*:

Pursuant to the provisions of section 13a(1) of the Interstate Commerce Act, the Erie Lackawanna Railway Company, hereinafter called the E-L¹ or the railroad, a common carrier by railroad subject to the provisions of part I of the act, filed a notice and supporting statement on June 16, 1969, supplemented by another notice and amended statement filed July 25, 1969,² in which it proposed to discontinue, effective August 31, 1968, the operation of passenger trains Nos. 5 and 6 between Chicago,

¹Appendix A is a list of carriers mentioned in this report together with the shortened names by which they are designated herein.

²Petition for reconsideration of the Commission's order, dated August 6, 1969, vacating the order of July 3, 1969, instituting the investigation herein, to the extent it posed questions as to the timely invocation of jurisdiction, denied by order dated August 22, 1969.

Ill., and Hoboken, N. J., a distance of 977 miles. Copies of the notice were served and posted in the manner prescribed by section 13a(1) of the act and the regulations of the Commission (40 CFR part 1122).

Upon consideration of numerous protests and complaints filed, among others, by State regulatory commissions, public officials, communities, chambers of commerce, railway labor organizations, educational institutions, business organizations, hospitals, and individuals, we instituted an investigation by order dated July 3, 1969, requiring continued operation of the trains for a period not exceeding 4 months, beyond the date when the discontinuance was set to become effective.³ Because of the statutory limitation upon the time available for investigation and decision, the said order provided for the omission of a report and recommended order by the hearing examiner and for certification of the record to us for initial decision. Hearings were held at New York City, Scranton, Pa., Binghamton, Elmira, and Jamestown, N. Y., Youngstown, Kent, and Marion, Ohio, Huntington, and Rochester, Ind., and Chicago, Ill., before Bernard Feuer, a hearing examiner of this Commission. Briefs were filed by the E-L, the State of New York, the Public Service Commission of the State of New York, the Public Utilities Commission of Ohio, the Co-operative Legislative Committee, railroad brotherhoods in the State of Pennsylvania, and United Transportation Union, the Board of Public Utility Commissioners of the State of New Jersey, the National Association of Railroad Passengers, and Morris County Board of Public Transportation.

BASIS FOR THE RAILROAD'S PROPOSAL

In support of its proposal, the E-L contends that operation of trains Nos. 5 and 6 is, and can only be continued at a substantial deficit; that the public's use of the trains has decreased precipitously in recent years; that mail revenues earned by the said trains have fallen about 80 percent since 1967; that highly adequate transportation by other means is available in the territory; that its financial condition and fixed debt burden makes the operation of the trains extremely distressful, debilitating, and burdensome; and that to compel the continued

³Originally set to become effective July 18, 1969 but extended to August 31, 1969 by the notice filed July 25, 1969, supplementing the prior notice of June 16, 1969.

operation of the trains would constitute an unnecessary and undue burden on interstate commerce.

OPERATIONS OF THE TRAINS

The trains operate daily between Hoboken and Chicago, train No. 5 westward and train No. 6 eastward, providing passenger, baggage, mail, express, and milk service at the 37 stations listed in appendix B. The trains operate over the tracks of the C&WI, between the Indiana-Illinois State line and Chicago, a distance of 19.8 miles. Their usual consist is set out in appendix C, and they are normally operated with two diesel units each. The coaches are modern-style all-steel passenger coaches, capable of seating 62 passengers. They were built in 1949, reconditioned and refurbished in about 1964. They feature restrooms, adjustable reclining seat backs with paper headrest covers, adjustable footrests, shaded picture windows, year-round air-conditioning, and paper cup drinking water dispensers. At Hoboken and Chicago, the trains' exteriors are washed, the interiors swept and dusted, and the water replenished. Enroute, they are swept and watered at Youngstown. At Marion, the diner garbage is removed, the coaches watered, and the interior is cleaned. Each train has a total of 33 crew members consisting of 8 engineers, 7 firemen, 5 conductors, 4 baggagemen, 5 flagmen, 1 pullman porter and 3 dining-car employees. The engineers change at Scranton, Hornell, Salamanca, Meadville, Kent, Marion, and Huntington; the firemen at Scranton, Hornell, Salamanca, Meadville, Marion, and Huntington; the conductors at Binghamton, Hornell, Meadville, and Marion; the baggagemen at Binghamton, Hornell, and Meadville; the flagmen at Binghamton, Hornell, Meadville, and Marion; the pullman porters work between Hoboken and Youngstown; and the dining-car employees work between Hoboken and Huntington.

Train No. 5 leaves Hoboken at 7 p.m. (E.S.T.) and arrives in Chicago at 3:30 p.m. (C.S.T.), 21 1/2 hours later. Train No. 6 leaves Chicago at 11 a.m. (C.S.T.) and arrives at Hoboken at 8:45 a.m. (E.S.T.), 20 3/4 hours later. A more detailed schedule appears in appendix B, along with the populations of the points served. Train No. 5 departed from Hoboken on schedule⁴ 85.4 percent of the time during the first 7 months of 1969 (84.9 percent),⁵ and arrived in Chicago on schedule 66 percent of the time (35.6 percent). Train No. 6 departed Chicago on schedule 94.8 percent

⁴Five minutes or less late.

⁵Percentages in parenthesis are for the corresponding period of 1968.

of the time (94.4 percent) and arrived Hoboken on schedule 74.1 percent of the time (54.5 percent).

PUBLIC USE OF THE PASSENGER SERVICE

During 1967, 1968, the first 6 months of 1968, and the first 6 months of 1969, the revenue passenger totals⁶ for the trains were 110,989, 87,333, 43,669, and 35,517,⁷ respectively. Approximately 55.7 percent of this volume is attributed to train No. 5. The decrease from 1967 to 1968 was approximately 21 percent, and the decrease for the first 6 months of 1969 compared to the first 6 months of 1968 was approximately 19 percent. During the same periods, and included in the aforementioned statistics, the trains transported 5,860, 6,509, 5,082, and 2,906 passengers, respectively, in special children's groups.⁸ Also, during the same periods and also included in the first aforementioned statistics, the trains transported 5,894, 4,445, 2,500, and 1,654 passengers, respectively, in special party and group movements.⁹

As is evident from table No. 1 below, revenue passenger patronage has declined in recent periods. As seen in table No. 2, weekend volume¹⁰ at Kent¹¹ and Chicago represented approximately 46 percent and 50 percent, respectively, of the total number of revenue passengers carried for the entire week. Daily revenue passenger averages for holiday periods, as computed from table No. 3, were 15 and 90.9, respectively, as compared to 21.74 and 68.07, respectively, shown for the entire year 1968. The railroad submitted a study of weekend travel performed from January through June 1969, which discloses that 17,662 revenue passengers traveled the trains on weekends for revenue totaling \$210,160. Since a total of 35,517 revenue passengers were carried during the said 6-month period, weekend travel represents about 49.7 percent of total daily travel. Thus no appreciable differences are indicated between weekday as compared to weekend traffic, or that handled during holiday periods.

⁶Full fare, half fare, and reduced fare passengers counted as one each.

⁷As shown later in this report, approximately one-third of all passengers carried in the trains travel on passes. Accordingly, the respective totals increased to 166,483, 130,999, 65,503, and 53,275 would represent total passengers—revenue or otherwise.

⁸Principally of kindergarten and elementary school groups.

⁹Principally of high school, college, and social club groups.

¹⁰Fridays, Saturdays and Sundays.

¹¹Kent, a smaller community served, generates more special and children's group traffic than others of its size. Chicago is, of course, an important rail hub.

TABLE NO. 1

	1967	1968	First 6 months	
			1968	1969
Revenue passengers per trip ¹ -----	152.04	119.33	120.25	98.36
Revenue passengers in special children's groups per trip-----	8.03	8.91	13.92	8.03
Revenue passengers in special party groups per trip-----	8.08	6.09	6.87	4.53

¹Including special children's groups and special party and group movements.

TABLE NO. 2

Revenue passengers "On" and "Off" by day of the week at selected stations for the period July 1968-June 1969, inclusive

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Kent-----	615	863	946	960	957	652	1,259
Chicago--	2,754	2,614	2,918	3,161	4,142	4,101	3,389

TABLE NO. 3

Revenue passengers "On" and "Off" during holiday periods at selected stations for the period July 1968-June 1969, inclusive

Station	July 3, 4 and 5	September 2 and 3	November 27, 28 and 29	December 24, 25 and 26	December 31 January 1 and 2	May 29
Kent----	40	28	38	34	64	21
Chicago-	306	141	232	326	294	64

Further insight into the passenger use of the considered trains may be obtained from the boardings and deboardings at the various points along the trains' route. The following table shows the average number of revenue passengers who entrained or detrained per trip in 1968, the first 6 months of 1968, and the first 6 months of 1969. As is evident, of the 35 immediate stations, none handles as much as 10 passengers a day, and only 8 handle between 5 and 10 passengers a day. Of the average of 25.95 people who got on at Hoboken during the first 6 months of 1969, only 0.45 got off at Chicago. Of the 5.49 people who got on at Newark, only 0.19 got off at Chicago, an average of only 0.64 passengers.

336 I.C.C.

Table No. 4

	Train No. 5												Train No. 6											
	1968		First 6 months 1968		First 6 months 1969		1968		First 6 months 1968		First 6 months 1969		1968		First 6 months 1968		First 6 months 1969							
	On	Off	On	Off	On	Off	On	Off	On	Off	On	Off	On	Off	On	Off	On	Off						
Hoboken	29.92	0.04	27.97	0.04	25.95	0.04	25.59	0.04	25.59	0.05	25.66	0.05	25.66	0.03	24.71	0.03	24.71	0.03						
Newark	6.88	0.01	6.69	0.01	5.49	0.01	5.66	0.01	5.66	0.03	5.28	0.03	5.28	0.03	4.01	0.03	4.01	0.03						
Brick Church	2.57	0.01	2.35	0.01	2.07	0.01	1.35	0.01	1.35	0.09	1.27	0.09	1.27	0.01	1.18	0.01	1.18	0.01						
Summit	3.44	0.01	3.56	0.02	3.11	0.02	2.18	0.02	2.18	0.13	2.13	0.13	2.13	0.01	1.66	0.01	1.66	0.01						
Dover	3.07	0.05	2.83	0.05	2.62	0.06	1.70	0.06	1.70	1.58	1.68	1.58	1.68	0.01	1.26	0.01	1.26	0.01						
Blairstown	0.29	2.67	0.24	2.92	0.24	2.61	0.27	2.61	0.27	3.50	0.63	3.50	0.63	2.30	0.11	2.30	0.11	2.30						
East Stroudsburg	1.02	4.36	0.83	4.31	0.67	3.32	0.84	3.32	0.84	2.02	0.22	2.02	0.22	1.62	0.11	1.62	0.11	1.62						
Cresco	0.24	3.60	0.26	3.22	0.07	2.30	0.34	2.30	0.34	0.01	0.02	0.01	0.02	0.02	0.11	0.02	0.11	0.02						
Pocono Summit	0.01	0.50	0.02	0.44	-----	0.32	0.01	0.32	0.01	6.59	2.84	6.59	2.84	7.16	-----	7.16	-----	7.16						
Seranton	4.02	11.06	3.46	10.03	2.65	10.31	3.28	10.31	3.28	5.03	3.99	5.03	3.99	2.99	2.14	2.99	2.14	2.99						
Binghamton	4.25	4.75	4.23	4.90	2.93	3.51	4.30	3.51	4.30	0.39	0.33	0.39	0.33	0.36	2.84	0.36	2.84	0.36						
Waverly	0.61	0.53	0.41	0.45	0.34	0.51	0.68	0.42	0.68	2.91	1.44	2.91	1.44	1.26	0.36	1.26	0.36	1.26						
Elmira	2.01	3.59	1.99	3.02	1.70	2.67	1.56	2.67	1.56	0.86	0.84	0.86	0.84	0.80	0.65	0.80	0.65	0.80						
Corning	0.91	1.07	0.81	0.93	0.88	0.98	1.03	0.91	0.90	1.95	1.11	1.95	1.11	1.87	0.90	1.87	0.90	1.87						
Hornell	0.99	1.72	1.09	1.86	0.90	1.60	1.03	1.60	1.03	0.88	1.07	0.88	1.07	0.58	0.58	0.88	1.07	0.58						
Wellsville	0.92	0.72	1.16	0.76	0.57	0.55	0.92	0.77	0.92	2.35	2.31	2.35	2.31	1.75	1.12	1.75	1.12	1.75						
Olean	1.86	2.36	1.74	2.80	1.48	2.70	2.18	2.28	2.18	0.66	1.40	0.66	1.40	0.79	0.86	0.66	1.40	0.79						
Salamanca	1.18	0.52	1.21	0.55	1.08	0.61	1.35	0.71	1.35	0.02	0.67	0.02	0.67	0.01	0.86	0.01	0.86	0.01						
Randolph	0.30	0.02	0.41	0.02	0.58	-----	0.62	0.03	0.62	2.71	4.64	2.71	4.64	2.43	3.95	2.43	3.95	2.43						
Jamesstown	4.76	2.29	4.42	1.97	3.73	2.11	4.96	2.78	4.96	0.98	1.08	0.98	1.08	0.53	0.97	0.53	0.97	0.53						
Corry	1.05	0.75	1.24	0.93	0.79	0.35	1.09	0.80	1.09	3.67	4.17	3.67	4.17	2.84	3.88	2.84	3.88	2.84						
Meadville	4.42	3.08	4.05	3.39	3.72	2.57	4.45	3.50	4.45	1.04	2.75	1.04	2.75	0.98	2.17	0.98	2.17	0.98						
Greenville	2.36	1.07	2.59	1.10	2.18	1.03	2.67	1.09	2.67	2.21	3.21	2.21	3.21	1.81	2.87	1.81	2.87	1.81						
Sharon	4.10	1.98	3.95	2.06	3.07	1.77	4.90	2.40	4.90	5.07	5.06	5.07	5.06	3.34	3.34	5.07	5.06	3.34						
Youngstown (local)	7.17	5.87	7.12	5.14	4.99	5.25	8.70	5.08	8.70	0.72	-----	0.72	-----	-----	-----	0.72	-----	-----						
Youngstown (interchange)	-----	0.34	-----	0.34	-----	0.06	-----	0.91	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----						
Warren	4.96	2.74	3.97	3.46	2.92	1.78	4.30	1.35	4.30	1.39	3.77	1.39	3.77	1.06	2.92	1.06	2.92	1.06						
Kent	12.53	3.03	17.79	2.35	9.74	2.29	3.50	2.68	3.50	2.49	4.33	2.49	4.33	2.66	3.04	2.66	3.04	2.66						
Akron	7.53	14.46	7.94	19.73	4.77	11.32	6.27	5.46	6.27	5.70	6.86	5.70	6.86	4.82	3.92	4.82	3.92	4.82						
Ashland	2.15	1.34	2.49	1.63	2.44	1.14	1.29	1.32	1.29	1.47	1.22	1.47	1.22	1.04	1.04	1.47	1.22	1.04						

See table continued on next page

33 I.C.C.

Table No. 4-Continued

	Train No. 5						Train No. 6					
	1968		First 6 months 1968		1969		1968		First 6 months 1968		1969	
	On	Off	On	Off	On	Off	On	Off	On	Off	On	Off
Mansfield	3.22	2.87	4.84	3.60	3.76	2.18	2.15	1.16	2.38	1.24	1.38	0.72
Galion	2.13	2.50	2.96	3.21	2.81	3.76	0.72	0.78	0.75	0.84	0.65	0.90
Marion	6.33	5.17	6.26	6.21	6.63	3.85	4.33	5.13	4.94	5.17	2.34	4.56
Lima	1.23	5.10	1.29	5.85	1.12	3.59	4.50	1.36	4.91	1.34	3.60	1.13
Huntington	3.00	1.84	2.59	1.73	2.31	1.56	2.10	2.56	1.73	2.26	1.81	2.24
Rochester	1.73	0.74	1.50	0.76	1.45	0.68	0.78	1.84	0.83	1.78	0.58	1.43
Hammond	0.08	2.79	0.07	2.29	0.06	2.41	2.98	0.14	2.43	0.14	2.46	0.16
Chicago	.....	37.03	.....	32.44	.....	28.50	31.04	.....	28.81	.....	22.59	.....
Note:												
Kent--Children groups from												
Kent to Akron	8.80	.....	13.87	.....	6.65	.....	.....	.....	.....	.....	.....	.....
(All included in the figures shown for Kent)												

336 I.C.C.

Evidence adduced from an actual count taken by a conductor who worked on the trains on certain days between the points indicated below show the number of revenue passengers as distinguished from those traveling on passes¹² between Hoboken, Scranton and/or Binghamton and points intermediate thereto for various days during July and August 1969. Counts on 14 days during this period showed that from Hoboken to Scranton the train carried 942 revenue passengers and 401 "pass" passengers; and counts on 13 days from Hoboken to Binghamton showed 1,064 revenue passengers and 575 on passes. Counts conducted on 13 days during this period from Binghamton to Hoboken showed 979 revenue passengers and 465 on passes. These counts indicate that approximately 32.5 percent of the passengers carried between these points were those traveling on passes.

MAIL AND EXPRESS SERVICE

The trains' head-end traffic consists of storage mail, newspapers, and baggage. Since 1967, trains Nos. 5 and 6 lost the greater part of their mail and express traffic, due to action of the United States Post Office Department, but the E-L was successful in salvaging part of the mail (amount not shown) for its freight service. E-L's mail revenues in freight service grew from \$176,000 in 1967 to approximately \$1,820,000 in 1968. It does not believe that trains Nos. 5 and 6 would retain any mail traffic in the event they are continued on a segmented, weekend, holiday, or seasonal basis. Bulk mail (third and fourth class) moves in freight service at rates approximately 45 percent below that which moves in passenger service. As seen (appendix D), mail revenues earned by the considered trains dropped from \$2,330,900 in 1967 to \$1,289,500 in 1968. During the first 6 months of 1968 they were \$818,200 as compared to \$231,900 for the corresponding period of 1969. E-L's projections for the full year 1969 place the mail revenues at \$463,800. Systemwide (see table No. 7, below), the E-L realized revenues of \$1,413,287 from mail traffic in the first 6 months of 1969, down from \$2,120,819 for the corresponding period of 1968. On the other hand, express revenues increased from \$584,527 for the first 6 months of 1968 to \$1,560,880 realized during the same period of 1969. The E-L attributes this increase to the fact

¹²Sometimes referred to herein as "deadheads." These are primarily traincrew members who are transported from a point at which they have worked to their home terminal. They are moved in pay status even though they are not actually working while "deadheading."

that REA Express has favored it with more express traffic in "piggyback" service. Parenthetically, the E-L expects newspaper traffic revenues for trains Nos. 5 and 6 to double in 1969 because transportation rates therefor were increased on April 1, 1969, and the trains have been carrying more of this item ever since train No. 17, which ran between Hoboken and Binghamton, was discontinued.

TABLE NO. 5

Erie Lackawanna Railway Company mail and express revenues

	Total	Freight	Passenger
<i>Six months ending June 30, 1969</i>			
Mail -----	\$1,413,287	\$1,181,410	\$231,877
Express-----	1,560,880	1,560,610	270
<i>Six months ending June 30, 1968</i>			
Mail -----	2,120,819	717,386	1,403,433
Express-----	584,527	525,072	59,455

This table and appendix D portray that for the stated periods, revenues for mail transported in the considered trains declined \$586,300 and systemwide it declined \$707,532. However, as hereinafter noted mail revenues on the trains could approximate \$510,200 for the entire year of 1969, and in the event of a discontinuance could be diverted to freight service.

OPERATING RESULTS OF TRAINS NOS. 5 AND 6 AND
ESTIMATED SAVINGS

The railroad submitted evidence to show revenues, out-of-pocket or savable expenses, and resulting losses for the trains in 1967, 1968, the first 6 months of 1968, the first 6 months of 1969, and 1969 as projected. It also submitted data restated to depict operations in seasonal service (June, July, and August 1968) for the entire run, for operations in seasonal service (June, July, and August 1968) between Hoboken and Scranton, for operations in segmented service between Hoboken and Hornell, Hoboken and Youngstown, and Youngstown and Chicago, in daily, weekend, and 336 I.C.C.

holiday service, and the estimated annual improvement in net operating income which would result from the discontinuance of trains Nos. 5 and 6. See appendixes D, E, F, and G.

Passenger revenues for 1967, 1968, and the first 6 months of 1969 were based on conductors' reports of tickets and cash fares collected. Mail revenue represents that paid by the Post Office Department for the carriage of storage mail. Train No. 5 handles a storage mail car daily from Chicago to Mansfield, and train No. 6 handles a storage mail car 5 days a week from Mansfield to Chicago.

Indirect train revenues, aside from "feeder" revenues,¹³ are those earned from station privileges, such as lockers, vending machine concessions, transportation displays, and dixie cups.

Road locomotive repairs and servicing expenses allocable to the trains and considered savable in the event of their discontinuance are based upon a total of nine locomotive department positions which the E-L deems could be eliminated. These positions were costed at their applicable pay rates over the annual number of working days. The materiel portions of this item were developed by using the railroad's monthly reports showing actual labor and materiel charges to each locomotive. A "materiel-labor ratio" was developed for the type of locomotive used on these trains, and this ratio was applied to the savable wages. Total savable costs were then apportioned to the two trains on a locomotive unit-mile basis.

Car repairs and servicing expenses were computed upon the basis that a total of 35 car department positions are savable. These positions were costed at their applicable pay rates over the number of working days in each year. The cars used on the trains are repaired and serviced at the Hoboken car repair facility and the materiel portion of these expense items was taken from the E-L's monthly "New York Area Report" which shows direct materiel charges for multiple unit cars, diesel drawn suburban cars and through-line passenger cars. These charges were developed from work orders which each employee is required to prepare when taking materiel from the storehouse. A weighted cost per car-mile was developed separately for labor and materiel to reflect differences in repair costs of coaches, diners, sleepers, et cetera. The labor costs per car-mile thus developed were applied to the car-miles consumed in operating trains Nos. 5 and 6.

¹³Feeder revenues, attributable to beyond the line passengers, for both trains were \$1,100 for 1967, \$400 for 1968, and \$200 for the first 6 months of 1969.

The weighted costs per car-mile for materiel, on the other hand, were applied to the car-miles consumed in operating all through-line passenger trains during the periods shown.

The E-L estimates that savings in passenger yard crew and locomotive expenses would flow from the elimination of nine positions. Crew wages reflect the applicable rates of pay while locomotive savings are based on system average passenger yard costs expressed in terms of total yard costs per yard engine-hour. Engineers' and firemen's wage rates were based on E-L's system average yard locomotive weights.

The railroad believes that stores expense savings would result from the elimination of six stores department positions which were costed at their applicable rates of pay over the number of working days for the respective periods. The same method was employed in computing the elimination of 38 station employees' positions, and three clerks in the revenue accounting department.

Savings in employee health and welfare benefits and railway tax accruals were computed by applying the applicable E-L percentage to the labor portions of personnel involved. A relationship was also developed in computing station supplies and expenses as a percentage of the savable wages for the involved station employees' positions.

Train enginemen and trainmen wages are actual and include allowances for "deadheading" and meals and lodging.

Train fuel expenses were computed by determining the actual volume of locomotive fuel consumed in operating the trains multiplied by the system average cost per gallon, and again multiplying the result by the number of trips per year.

Applicable E-L percentages were applied to the labor portions shown above in computing the health and welfare benefit expenses.

Injuries to persons (claims) expenses stemming from the operation of trains Nos. 5 and 6 represent actual payments to the passengers or employees affected.

The expenses shown in operating sleeping cars are reflected in E-L's annual report to the Commission. There were no other trains operating during the stated periods which handled sleeping cars.

Equipment depreciation expense represents depreciation on four sleepers operating between Hoboken and Youngstown, and the E-L presumes they would be sold if the trains are discontinued. It also presumes that if leased to others, the depreciation expenses would still be incurred. These presumptions do not create a basis

336 I.C.C.

for a finding that the said depreciation expenses would be savable in the event the trains are discontinued and, accordingly, they are disallowed.

C&WI expenses considered savable reflect the differences between E-L's present costs for trackage rights over the lines of the C&WI between the Indiana-Illinois State line near Hammond and Chicago. The resulting savable expenses are based upon a formula contained in a contract dated March 1, 1936, as supplemented by agreement dated December 31, 1947, covering the joint use of the tracks by the E-L and other railroads. Since this is a joint facility which apportions monthly expenses to participants on user basis, each monthly bill was reapportioned to reflect the reduced number of units resulting from the discontinuance of trains Nos. 5 and 6. The service units considered savable involve locomotives, coaches, and diners only. Head-end equipment was not considered savable. E-L asserted that the head-end cars will no longer operate into Chicago if the trains are discontinued.

Marion Depot expenses also considered savable would result from differences between the E-L's present costs for the use of the terminal at Marion and those which would remain if the considered trains are discontinued. The resulting savable expenses are based upon a formula contained in a contract dated March 1, 1904, entered into between the Hocking Valley and other railroads including the E-L, covering the joint use and occupancy of said terminal. Paragraph "Fifth" of said contract provides that the expenses of operating the station shall be apportioned among the parties according to the number of their passenger trains which use the station.

Documentary evidence was submitted to show how the savings in trackage right and joint terminal expenses were arrived at pursuant to the said contracts. These expenses herein recognized as prospective savings are deemed supported by specific and concrete proof. See *Denver & R.G.W.R. Co. Discontinuance*, 330 I.C.C. 108, 116.

The railroad estimates that its net annual income would improve as the result of the discontinuance of trains Nos. 5 and 6 by \$1,-210,300 (see appendix G). Items 1 through 9, thereof, detail the revenues which would be lost through discontinuance. Excluded from item 3 are monies received from New Jersey suburban subscription cars. The balance of this item, therefore, represents net rents which would be lost if there were no thru-line passenger equipment remaining. Item 4 is the estimate of annual increased

336 I.C.C.

costs for employee travel. This was computed from monthly reports showing the employees traveling on the trains. Each trip was costed out via alternate service, generally at airline rates. Item 5 represents the estimated annual increased cost of "dead-heading" crews, based upon the statistics testified to by E-L's division superintendents. Item 6, the estimated increased cost of handling company mail, was based on a 1-week actual count made in July 1969 and priced out at first-, third-, or fourth-class rates. Most on-line company mail moving between stations would be moved to freight service at no additional cost. Item 7 is the estimated annual increased cost of handling company material based upon a 2-month study of such movements on the considered trains and multiplying the weights so moved by railway express and bus rates. Item 8 is the estimated increases in cost of property and franchise taxes furnished by its land and tax department. Item 10 is the savable direct expense shown in appendix D. Items 11, 12, and 13 are estimated increases in maintenance of equipment and labor expenses which would be incurred upon consummation of wage negotiations. Items 14 and 15 represent yard crew savings at Hoboken and Youngstown resulting from having more men available to preclude, or reduce work, at overtime rates. Item 16 is an estimate of the return that would inure to the E-L by using the labor payroll savings in other of its operations. Item 17 represents the annual depreciation which would be saved if all of the remaining thru-line equipment, including head-end cars, were retired. Depreciation on locomotives was not included. Admittedly, the railroad does not know whether the mail traffic now being handled in the trains would be lost or whether it would be shifted to freight service.

With respect to the statistics on segmented service set out in appendix F, the railroad shows that passenger revenues for weekends were developed from a special study of passenger traffic for 3 separate weeks in 1968 (June 10-June 16, July 15-July 21, and August 19-August 25). The revenues were for every Friday, Saturday, and Sunday during the said months for a total of 40 days. The average per trip was then multiplied by 156 like days in 1969. The holiday study was conducted from July 1 to July 7, August 26 to September 6, November 26 to December 4, December 20 to January 5, 1969, April 1 to April 10, 1969, and May 27 to June 4, 1969, inclusive.

336 I.C.C.

ALTERNATE TRANSPORTATION

The E-L runs numerous commuter trains daily, and others on Saturdays, Sundays, and major holidays, between Hoboken and Dover serving Newark, Brick Church and Summit. Trains Nos. 5 and 6 do not provide local service in the suburban territory.

The B&O operates two direct trains from New York City to Chicago, departing New York City at 5:45 p.m. and 11 a.m., respectively, and arriving Chicago at 4:15 p.m. and 9:20 a.m., respectively. In the reverse direction, it operates a train leaving Chicago at 3:40 p.m., arriving in New York City 1:50 a.m. The first mentioned train also serves Kent and Akron, and the second and third serve Youngstown and Akron. This railroad also has a train departing Chicago at 10:10 a.m., arriving Akron at 6:40 p.m., Kent (flag stop) at 7:13 p.m., and Youngstown at 8:10 p.m. The Chicago South Shore and South Bend Railroad has train schedules between Chicago and Hammond.

The Penn Central operates five trains leaving New York City at 8:30 a.m., 5:05 p.m., 6:30 p.m., 9:30 p.m., and 10:30 p.m., arriving Chicago at 5 a.m., 8:40 a.m., 1:20 p.m., 3:10 p.m., and 7 p.m., respectively. In the reverse direction, its trains leave Chicago at 11 a.m., 4:30 p.m., 6:30 p.m., and 10:30 p.m., arriving New York City at 7:45 a.m., 9:30 a.m., 2 p.m., and 6:15 p.m., respectively. Service is provided by some or all of these trains at Lima, Mansfield, and Newark. It operates a train in each direction daily between Marion and Galion, leaving Marion at 12:50 p.m., arriving Galion at 1:10 p.m., and leaving Galion at 1:50 a.m., arriving Marion at 2:30 a.m. It has a train leaving New York City daily, except Sundays, July 4 and September 1, at 3:23 a.m., arriving Olean at 4:19 p.m., and leaving Olean at 11:34 a.m., arriving New York City at 3:25 p.m., serving Newark.

Greyhound operates several buses direct between New York City and Chicago. Buses leave Chicago at 7:15 a.m., 12:01 p.m., 7:45 p.m., and 12:30 a.m., arriving New York City, respectively, at 4:50 a.m., 5:45 a.m., 12:30 p.m., and 8 p.m. In the reverse direction, its buses leave New York City at 9:15 a.m., 1:45 p.m., 6:15 p.m., and 9:15 p.m., arriving Chicago, respectively, at 5:10 a.m., 5:30 a.m., 9:15 a.m., and 2:55 p.m. Service is provided at Newark, Youngstown and Akron by some or all of these buses. It has other buses between Chicago and Hammond, between Newark and New York City; between Youngstown and Akron, between Akron and Mansfield; between Mansfield and Ashland, between Newark,

336 I.C.C.

Dover, Stroudsburg, Mount Pocono, Scranton and Binghamton; between Hornell, Corning, Elmira, Waverly, Scranton, and New York City; between Mansfield, Marion, Galion, Hammond, and Chicago; between Huntington, Chicago, and New York City; between New York City, Newark, Dover, Mount Pocono, Scranton, and Binghamton; between Hornell, Corning, Elmira, Waverly, Scranton, and New York City; and between Huntington, Ind., and Chicago.

Blue Bird runs several buses between Chicago, Jamestown, Randolph, Salamanca, Olean, Wellsville, Corning, Elmira, Scranton, Waverly, Binghamton, and New York City.

Chautauqua buses serve between Chicago, Jamestown, Salamanca, Olean, Corning, Elmira, Binghamton, and New York City. Short Line operates buses between Jamestown, Olean, Corning, Elmira, Waverly, Binghamton, and New York City. Capital Bus Company runs buses between Jamestown, Salamanca, Olean, Wellsville, Corning, Elmira, Waverly, Binghamton, Scranton, and New York City. Grove City Bus Lines serves between Youngstown and Sharon. Martz Trailways runs several schedules of buses between Stroudsburg, Mount Pocono, Scranton, Dover, Newark, and New York City. Continental Trailways operates buses between New York City, Newark, Akron, and Chicago, and between New York City, Newark, Sharon, Youngstown, Warren, and Chicago. Youngstown Transit Co. has bus service between Warren and Youngstown. Sterling Stages provides similar service between Sharon and Warren. Orville D. Anderson Bus Company runs buses between Greenville and Meadville.

Seaway provides bus service between Chicago, Corry, Jamestown, Randolph, Salamanca, Olean, Elmira, Scranton, and New York City.

American Airlines, Trans World Airlines, United Airlines, and Northwest Airlines provide abundant air service between New York City and Chicago. Mohawk Airlines provides air service between Elmira and Newark. Allegheny Airlines serves between Jamestown and New York City, between Scranton and Newark, and between Scranton and New York City. Mohawk Airlines serves between Binghamton and Newark, between Binghamton and New York City, and between Olean and Jamestown. Pocono Airlines has schedules between Scranton and Newark; American and United Airlines between Youngstown, Akron, and New York City; United Airlines between Akron and Chicago.

Ashland, approximately 20 miles from Mansfield, Brick Church, about 3 miles from Newark, Corning about 20 miles from Elmira,

336 I.C.C.

Hammond approximately 20 miles from Chicago, Hoboken adjacent to Newark and New York City, Kent approximately 10 miles from Akron, Randolph about 17 miles from Jamestown, Salamanca about 20 miles from Olean, Sharon, and Warren about 14 miles from Youngstown, and Waverly about 18 miles from Elmira, while without airports of their own may avail themselves of air service at the indicated nearby cities.

Based upon the foregoing discussion, it may be said that, no community now served by trains Nos. 5 and 6 would be left without some form of rail, bus, or airline service at or reasonably near the locations of their existing stations. However, there would be no direct bus service, among others, between Hornell and Olean, Binghamton and Huntington, Akron and New York City, and Olean and New York City. Bus service between Jamestown and Youngstown would be via Cleveland, between Kent and Marion via Akron, between Marion and Huntington via Fort Wayne and between Wellsville and Galion via Buffalo and Cleveland, all circuitous routes.

U.S. Highway 30, Interstate Highway 80, New York State Highway 17, Interstate Highway 81, and U.S. Highway 46 parallel the route of trains Nos. 5 and 6, and offer adequate to excellent facilities for travel by motor.

EFFECT ON EMPLOYEES

The railroad is confident that no loss of employment would result from a discontinuance, although some employees might be shifted from positions they now hold. It asserts that some could be used where employees are now working overtime, and others would fill jobs where employee shortages exist. Dining car personnel would be absorbed in commuter bar service in the event they measure up physically for that type of work. While the Commission is without authority to impose employee protective conditions in section 13a(1) proceedings, the possible adverse effects on the railroad's employees which would stem from the proposed discontinuance are nevertheless a factor to be considered. However, we have no reason to doubt the assurances given by the railroad that its requirements for personnel would assure continued employment for all train employees.

FINANCIAL CONDITION OF THE RAILROAD

The E-L's general balance sheet as of June 30, 1969, shows total assets, \$471,781,478, consisting principally of current assets amounting to \$52,487,169; investments \$34,497,573; and tangible

336 I.C.C.

properties, less depreciation and amortization \$376,142,396. Liabilities included current liabilities (exclusive of long-term debt due within 1 year), \$41,835,746; long-term debt due within 1 year, \$17,873,653; long-term debt due after 1 year, \$318,851,026; reserves, \$8,718,727; other liabilities and deferred credits, \$19,747,850; capital stock, \$1 million; capital surplus, \$54,950,913; and retained income—unappropriated, \$8,803,563.

Its income statements for 1967, the first 3 months of 1968, the last 9 months of 1968, and the first 6 months of 1969, show total railway operating revenues of \$223,841,745, \$57,934,246, \$185,137,748, and \$126,596,656, respectively, and deficits of \$10,181,829, and \$5,834,764, and net income of \$4,533,038, and \$4,270,525, respectively. It has a tax carry-forward credit benefit in excess of \$50 million. Parenthetically, operating revenues for the 6 months ending June 30, 1968, were \$119,636,603. Thus, revenues increased \$6,960,053 or 5.82 percent during the corresponding period of 1969.

SUPPORTING WITNESSES

Pyramid International, Inc., a manufacturer of baby carriages and other children's supplies, of Ravenna, Ohio (adjacent to Kent), Wean Industries, Inc., a designer and builder of processing equipment for the metal industry, and Sharon Steel Corp. of Sharon, support the proposed discontinuance. Considered together, they stated that their employees do not use the trains on company business, and their discontinuance would not require relocation of their plants. They firmly believe that a railroad should not be required to continue a losing operation, and that elimination of the resulting deficits would result in better service and lower rates for freight shippers.

Martz operates 10 bus schedules daily between Scranton and New York City (7 direct, 2 via Newark, and 1 via Wind Gap by transfer). It asserts that it is willing and able to handle additional passenger traffic.

Greyhound operates buses between Binghamton and New York City, also desires more business, but admits traffic problems on weekends.

The Kent Area Chamber of Commerce, while unhappy to see the trains discontinued, does not protest providing the trains are losing money despite all efforts to promote passenger travel. The Marion Regional Planning Commission evinces a similar opinion and adds that subsidies may be the remedy for the loss operations.

336 I.C.C.

MISCELLANEOUS

The railroad concedes that while it conducted no general advertising of the trains since about 1960, it did some advertising in connection with special excursions where it saw great potential for travel. Every Christmas and Easter it advertised an excursion between Scranton and New York City. In October 1968, it circulated fly bills at Hammond High School advertising a school tour between Hammond, New York City, and Washington, D.C. It is a member of the Railroad Travel Promotion Agency which pays commissions to tourist agents when they arrange rail transportation as part of a tour. It offers a family plan ticket, and reduced rates for coach parties of groups of 15 or more. The latter are not solicited unless it receives an inquiry. On August 15, 1968, it discontinued mid-week excursion fares between all stations and Hornell, and 6-month excursion fares between all points 200 miles or over and Chicago.

PUBLIC WITNESSES OPPOSING DISCONTINUANCE

A total of 128 witnesses appeared in opposition to the railroad's proposal. Of these, 27 represented governmental bodies or were elected officials, 5 represented various chambers of commerce, 4 labor unions, and 9 miscellaneous other groups. Of the public witnesses, 60 never used trains Nos. 5 and 6.

Collectively, those who ride the trains generally prefer train travel to other modes of transportation. Some dislike or fear travel by airplane, bus, or automobile. Some prefer train travel because it is less expensive than travel by airplane. Some use bus service alternately with train service, some have not investigated alternate services, some desire the trains as a backup service in inclement weather, some detest the congested highways which prolong travel time by bus or automobile, some complain of crowded conditions at airports, and some find it inconvenient to travel some distance to reach alternate services.

Some complain that the trains often lack drinking water and drinking cups, the coaches are dirty, the windows need cleaning, the seats are dusty, the dining cars are old, stations are in deplorable condition, the trains' schedules are not always posted at stations and information is difficult to obtain, the trains are frequently late, stops at stations are too long, the air-conditioning and heating systems do not always work, the trains' sched-

336 I.C.C.

ules are inconvenient, the crew is not sufficiently public minded, the roadbed is not smooth, the food service leaves much to be desired, and "deadheads" stretch out across the seats and take up too much room.

On the other hand, others find the trains comfortable and dependable, the crews friendly, courteous and helpful, the service excellent, the schedules not too bad, the riding smooth, the meals very good, the sleeping cars clean, the cars well-maintained, the drinking water cold and sufficient, and the overall service better than that provided by other railroads.

Public officials maintain that the railroad is derelict in promoting its passenger service; that E-L's financial condition be considered in light of its relationship to the Norfolk and Western;¹⁴ that the revenue earned from mail and express carried in freight or piggyback service is a factor for consideration; that highways are congested and require continued expansion to meet the needs of mass transportation; that several stations do not have ticket agents; that the trains serve the Pocono Mountain resort area where year-round vacation activities are increasing; that development of the Tocks Island Recreational Area near East Stroudsburg will require more transportation facilities; that the railroad has not kept pace with the development and modernization of the communities it serves; that passenger service has been deliberately discouraged; that institutions of higher learning along the trains' route are continually growing; that the Nation is faced with a population "explosion" and all available transportation services must be retained and expanded; that the 87,298 revenue passengers transported by the trains in 1968 represents a substantial operation; and that the overall profitability of the E-L must be given prime consideration.

Representatives of chambers of commerce consider train service an asset to their communities. Other protestants add that discontinuance of the trains will deprive Scranton, Binghamton, Elmira, Corning, Hornell, Jamestown, and Meadville of all passenger train service; that the low station passenger counts at these stations are due to poor scheduling, and the trains should be rescheduled so as to provide daytime service over the eastern end of the route; and that discontinuance will cause more travel by highway with the attendant increase of carbon dioxide in the atmosphere.

¹⁴ E-L is a wholly owned subsidiary of Dereco, Inc., and the Norfolk and Western Railway Co. owns 80 percent of the capital stock of Dereco, Inc.

A part-time conductor of rail tours asserts that discontinuance will deprive him of the opportunity to continue this endeavor. A real estate promoter urges that a discontinuance would make it difficult to attract industry to the area. A research associate alleges that the existence of rail passenger service was a factor which prompted his removal to and acceptance of a position at a point served. A travel agent complains that she experiences difficulties in obtaining railroad schedules from the E-L and that booking tours at Huntington to Chicago or New York City via Fort Wayne necessitates an inconvenient bus trip to that point. Another witness asserts that the train is always late on Saturday evenings because it waits in Hoboken for a shipment of newspapers.

A poultry hatchery, of LaRue, Ohio has shipped baby fowl by motor truck and by train. It has sustained losses by utilizing the former mode of carriage for lack of sufficient air space for the birds. On the other hand, transportation in the mail cars of the trains has proven satisfactory.

An assistant professor in marketing and business statistics at Ohio State University, and member of the Advisory Committee on Transit for Columbus and Franklin Counties, Ohio, acknowledges that the evidence indicates that the equipment of trains Nos. 5 and 6 has been kept in a reasonable state of repair. However, he questions their "on-time" performance, notes the lack of promotion of their services through advertising or other sales efforts, notes that the Marion yellow pages of the telephone directory makes no reference to the considered passenger service, holds that the lack of advertising affects passenger patronage, and emphasizes that passenger service is no different from other marketable items and should be marketed as such.

A newspaper distributor of New York City utilizes train No. 5 for shipments to most of the larger points along its route. He has found railroad passenger baggage cars most efficient and economical for the handling of newspapers, and discontinuance of the train would deprive him of all rail service at the considered points. He has tried motor carrier service, but found it more expensive and not as dependable as the railroad. On at least two occasions the motor carrier broke down, and monetary losses were sustained because the papers could not be sold.

A New York State Public Service Commission railroad inspector submitted an "on-time" performance exhibit prepared by him from time performance reports of trains Nos. 5 and 6 in New York State for the period July 1967-July 1969. Arrivals of

336 I.C.C.

5 or less minutes late are considered "on-time." Jamestown and Binghamton were used as test points for the trains. For the months of July-December, 1967, train No. 5 was "on-time" 20.9 percent of the time, and train No. 6 was "on-time" 41.8 percent of the time. During 1968, the respective figures were 35.5 percent and 39.7 percent, and for the 1969 period they were 66.5 percent and 53.7 percent, respectively.

An investigator-inspector of the railroad department of the Public Service Commission of Indiana investigated trains Nos. 5 and 6 pursuant to his superiors' orders on June 25 and 26, 1969, and July 1 and 2, 1969. He rode the trains between Rochester and Hammond. He found the facilities of the trains in good working order, there was sufficient cold drinking water, but drinking cups were used up before the end of the trip. On June 25, there were 48 revenue and 11 "deadhead" passengers westbound out of Huntington. Eastbound on June 26, train No. 6 departed Hammond 20 minutes late and arrived at Huntington 10 minutes late. It handled 43 revenue and 10 "deadhead" passengers out of Hammond. On July 1, westbound, train No. 5 was 20 minutes late and it had 35 revenue and 15 "deadhead" passengers. Car No. 1320 of this train had no notice posted regarding the proposed discontinuance. On July 2, eastbound, train No. 6 was 10 minutes late out of Hammond. He found the train crews very helpful in assisting passengers with their baggage.

BRIEFS

The railroad requests a finding that continued operation of the trains, *in toto* or in segmented or limited service, is not required by the public convenience and necessity, and that continued operations would unduly burden interstate commerce. In highlighting aspects of the evidence submitted in support of the proposed discontinuance, it points out that the trains make 35 station stops between Hoboken and Chicago, at which an average of 2.10 passengers per trip board and 2.01 deboard the trains; that for the first 6 months of 1969, seat-mile occupancy was 18.7 percent; that since 1967, passenger revenue has declined 29 percent; mail revenues 80 percent, and railway operating revenue 59 percent, while operating expenses have increased 1 percent; that it loses an average of \$18 on each passenger who uses the trains; and that the losses would persist in weekend, holiday, seasonal, or segmented service.

336 I.C.C.

The railroad emphasizes that losses must be avoided so as to realize the necessary income to revitalize and modernize its remaining operations and to service its \$336 million indebtedness. It acknowledges that \$9,300 listed as savable for a pipefitter's position at Kent was abolished prior to the hearing, and that estimated newspaper revenues of \$91,000 should rise to \$132,500 to reflect increases in transportation rates effective April 1969.

Stressing its promotional activities, the railroad notes that it promoted 87 special and 273 special children's group movements during the 30 months ending June 30, 1969; that it advertises in the yellow pages of telephone directories; that it prints and circulates timetables; and that it gets free publicity in chambers of commerce publications. Also, it predicts that highway congestion east of Stroudsburg will be remedied upon the forthcoming completion of Interstate Highway 80.

Protestants' briefs considered collectively contend that the E-L has not complied with the statutory requirements of section 13a(1) and the filing should be dismissed for lack of jurisdiction. They also maintain that the Commission may not sanction the abandonment of the considered operations over the tracks of C&WI in the absence of an application and determination thereof under section 1(18) of the act, citing *Baltimore & O. R. Co. Discontinuance of Service*, 317 I.C.C. 371, 388 and 389, and *Monon Railroad Discontinuance of Trains*, 330 I.C.C. 882.

They maintain that the railroad has adopted a defeatist attitude in believing that it has nothing to sell, an attitude patently incorrect judging from the loyalty of its patrons; that it has neglected to update its equipment; that it has never conducted studies of the effects of changes in tariff service or schedules upon revenues; that it has not sought suggestions for promotion of passenger traffic from government, academic, or private sources; and that it must show that a sincere but unsuccessful effort was made to reduce losses before it can prevail in a bid for discontinuance, citing *Southern Pac. Co. Discontinuance of Trains*, 333 I.C.C. 525, 559.

They point out that the E-L has become profitable and question much of its financial data and estimates of savable expenses. They also question the railroad's judgment as to the total number of jobs that would be eliminated, and various estimates of certain other revenues and expenses set out in appendix D. As an example of faulty estimating, they point to the abolished pipefitter's job at Kent.

336 I.C.C.

Protestants hold that E-L's anticipated 1969 mail revenues of \$463,800 calculated by doubling what was realized during the first 6 months of 1969, is understated because it does not reflect increased Christmas mail revenue normally enjoyed during the second 6 months of the year. Based on a 20-percent¹⁵ increase of mail revenues earned during the second half of 1967 over the first half of that year, protestants put 1969 mail revenues at \$510,200. Protestants' estimate appears reasonable. Mail was diverted from passenger trains during 1968, and statistics for 1967 give a better indication of the higher mail volume handled during the second half of the year.

Also considered too low by protestants is the \$91,000 estimate for newspaper traffic revenues, pointing out that the railroad's accountant acknowledged the fact that newspapers formerly carried on trains Nos. 15 and 17, which accounted for 49 percent of E-L's total revenue of \$218,600 derived from the carriage of newspapers and which trains were discontinued earlier in 1969, are now being carried by trains Nos. 5 and 6. Accordingly, and we so hold, E-L's estimate for this item should be increased by \$107,100 to \$198,100.

With respect to E-L's estimates regarding the positions that it would eliminate in the event the trains are discontinued, protestants refer to the pipefitter's position already abolished. They urge that the trains could operate with one instead of two diesel locomotives with the resultant saving in labor, and fuel costs. There is no probative evidentiary basis to warrant contradiction of E-L's estimates in the latter regard, but we find that the \$123,500 estimate for locomotive repairs and servicing may be reduced to \$114,000 to reflect the improper inclusion of the pipefitter's position as a savable expense.

Similarly, protestants argue that E-L's estimated savable expenses of \$403,000 for car repairs and servicing is overstated because systemwide expenses in 1968 for this category were \$3,825,474 for 788 passenger cars or less than \$5,000 for each car, and trains Nos. 5 and 6 use only 15 to 20 cars. While E-L's estimate would result in costs of more than four times those incurred on average systemwide, we are constrained to reject protestants' contentions because the evidence does indicate certain differences between the considered trains and those operated

¹⁵Mail revenues for first 6 months and second 6 months of 1967 were \$1,070,500 and \$1,260,400, respectively (exhibits 200 and appendix D).

in commuter service. For example, trains Nos. 5 and 6 have more complicated wiring, plumbing, steam heating, and air-conditioning facilities entailing higher repair costs. Also, while the railroad did not conduct a timestudy of the hours devoted to the servicing of these cars, it would not be appropriate for us to substitute our judgment for that of its assistant chief mechanical officer who is experienced and familiar with the tasks and time involved in the stated tasks. By the same token, we should not substitute our judgment, as urged by protestants, for that of the E-L concerning the reasonableness of its estimate that 3 of the 10 pipefitters, 7 of the 55 carmen, all of Hoboken, plus 1 car foreman and 1 leading car repairer, would be eliminated, even though the several units of trains Nos. 5 and 6 constitute only a minor portion of the equipment repaired and serviced at that point. As shown above, the charges for these functions were developed from work orders prepared by the involved employees, and the labor and material costs took into account differences in repair costs for the considered coaches, drivers, and sleepers. Similar disposition must be made regarding protestants' contentions concerning E-L's claim that it would eliminate six positions in the stores department, including three of nine assistant storekeepers and one of three machine operators to produce a saving of \$32,900. In view of the aforesaid, E-L's \$5,600 estimate of injuries to persons expense arrived at by applying 1.524 percent to its claimed labor savings for locomotive repairs and servicing, \$72,162, which concededly may be reduced by \$9,300 to \$62,862, should be reduced to \$5,460 ($\$9,300 \times .01524 = \142 ; $\$5,600 \text{ minus } \$142 = \$5,460$). For the same reasons but applying a factor of 4.5087 percent to arrive at estimated savings for health and welfare expenses, the \$16,700 claimed by E-L is reduced to \$16,280.

With respect to the 38 station employee positions which the E-L proposes to eliminate in the event of a discontinuance, protestants point out that at Kent, the general clerk spends most of his time in cleaning and maintaining the yard office building used by E-L's traincrews, distributing special and general orders, preparing reports of cars interchanged with the B&O, opening, closing, and cleaning the station, and loading and unloading the baggage on train No. 6. At Akron, the baggageman cleans the station and freight house, handles United States and company mail and baggage on train No. 6, carries waybills to the Quaker Oats Co., and acts as messenger between the yard and freight office. It is our opinion that these positions are devoted far more

336 I.C.C.

to other tasks than to those associated with the considered trains and should not be considered savable. Based on the daily wage rates of these men at \$22.4179 each, \$13,988.77 should be deducted from the savable expenses allocated to station employees ($\$22.4179 \text{ daily rate} \times 12 \text{ days} \times 52 \text{ weeks} = \$13,988.77$).

At Hoboken, the railroad proposes to eliminate seven mail handlers, two assistant foremen, and one checker. However, the evidence discloses, as protestants point out, that only two mail handlers unload mail from train No. 6 and two load it on train No. 5. Parenthetically, and also as pointed out by protestants, the record discloses that the C&WI charges the E-L about \$9,023 a year for handling E-L mail at Chicago where one car more than at Hoboken is loaded and unloaded. We cannot accept the railroad's estimate in the latter regard but consider it more appropriate to allocate six mail handler positions, the assistant foreman and the mail checker to the considered trains. However, we are not inclined to agree with protestants that E-L erred in singling out for elimination six mail handlers and a foreman at Binghamton, and one mail handler at Stroudsburg, albeit that these employees do not devote their entire working day to the considered trains. As shown, they must be on hand to handle the mail as soon as it arrives at those stations, and this may involve considerable waiting time. Accordingly, we deem it appropriate that estimated station employee expenses be further reduced by \$5,900 ($\$22.72 \text{ per day} \times 5 \text{ days} \times 52 \text{ weeks}$).

In our opinion, no firm basis exists for reducing E-L's estimate that the jobs of 14 ticket agents or clerks would be eliminated in the event the trains are discontinued, even though their duties also involve locking and unlocking the stations, turning the lights on and off, and even though they may not be on duty when the trains stop at their stations. On the evidence adduced herein, we are not disposed to substitute our judgment for that of the railroad in this area.

Utilizing the unchallenged railroad's formula for ascertaining the savable expenses for station supplies, this figure should be reduced to \$32,842 ($\$350,500 \text{ minus } \$13,989 \text{ minus } \$6,438 = \$330,073 \times 9.95 \text{ percent} = \$32,842$).

Protestant's contentions that E-L overestimated that it could eliminate a 5-man yardcrew 7 days a week at Youngstown, cannot be substantiated upon the record herein. While the crews devote only a minor portion of their workdays to the considered trains, they must be on hand, when the trains arrive and this may

336 I.C.C.

involve waiting around. Upon discontinuance, these crews would be available to offset overtime and premium wage expenses elsewhere in the yards.

Protestants urge that E-L's estimated savings in sleeping car expenses of \$130,500 are overstated. Of the said expenses, E-L incurred \$113,300 during the first 6 months of 1969 (see appendix D) and included, as acknowledged by E-L, accruals under an old pullman contract terminated at the close of 1968. The railroad estimates that these expenses would total only \$17,200 during the second 6 months of 1969, a figure more in line with the \$37,700 shown for this item in segmented service between Hoboken and Youngstown (see appendix F). Since the said accruals are of a nonrecurring nature, we agree that \$37,700 is the more appropriate savable expense that should be considered here.

Utilizing E-L's formula of applying 4.9357 percent to claimed station expense, a better estimate of the savable expense for health and welfare is \$45,192 (\$13,989 plus \$6,438 x 4.9357 percent = \$1,008 which is subtracted from \$46,200 as shown in appendix D).

Protestants question E-L's estimated savable expenses of \$24,300 stemming from the projected elimination of three clerks positions who devote 60 to 100 percent of their time in compiling statistics concerning trains Nos. 5 and 6. They believe that a more realistic saving in expense would be \$7,800 representing the elimination of only one clerk. There is no cogent evidence to sustain protestants' calculation.

In accordance with E-L's formula of computing railway tax accruals by allocating 10.2515 percent to the anticipated labor savings of \$1,727,065 that would be realized if the trains are discontinued, its estimate of \$177,000, in view of all the aforesaid, should be reduced to \$174,000 (1,727,065 minus \$29,730 x 10.2515).

Protestants' attack against the computations of C&WI savings rests on tenuous grounds. We have already commented upon, and found acceptable, the formula employed in computing these costs.

The railroad's estimated operating results based upon the savable expenses, and as altered in some respects by us as set out in appendix H, still indicates a net loss of \$1,010,470.

Protestants also attack E-L's estimated improvement in annual income which would result from discontinuance of trains Nos. 5 and 6 (see appendix G). They do not seriously question the \$29,600 in annual rents that would be lost, and the estimated \$41,000 in increased costs of handling company material. However, they con-

336 I.C.C.

sider E-L's \$146,700 estimate of increased cost of "deadhead" travel understated because it is based on a study conducted during June and July 1969, when some employees were already "dead-heading" by bus and the relevant costs were not included in the final figures. Also, they consider understated, by an unknown amount, E-L's estimate of \$64,700 for increased employee travel based on airline fares, pointing out that such travel might also entail hotel bills. Similarly, they hold that the record is inadequate to determine meaningfully whether the \$80,400 estimated as the annual increased costs for handling company mail is accurate. They also argue that the estimated increases in property and franchise taxes of \$65,800 would not be realized because the discontinuance would actually reduce E-L's net income. The indicated wage accruals in the locomotive and car departments, and the related health and welfare, and payroll taxes are deemed too high if, as they argue, less positions are savable. Savings in "doubles" at Hoboken and Youngstown are considered overstated, additional allegations of depreciation of \$144,000 considered savable in addition to the \$7,700 shown in appendix D is deemed indefensible, since disposal of the equipment of other through-line passenger equipment is not dependent on what happens to trains Nos. 5 and 6, and estimated return of 9 percent on payroll savings is deemed improper since offsetting lower revenues and increased costs were not taken into account. Of these arguments, the last two are recognizable, and the appurtenant amounts considered by the E-L as savable should be ignored. Parenthetically, we have consistently disallowed interest in capital cost savings as savable expenses in train abandonment cases. Nevertheless, the annual improvement in income, after reflecting our estimate of train revenues to be lost (\$1,651,600) would still result in some \$629,-870. (See appendix I.)

DISCUSSION AND CONCLUSIONS

The jurisdictional question raised by protestants was resolved by our order dated August 22, 1969, and merits no further discussion. The question concerning the necessity of a section 1(18) application seeking authority to abandon operations over a portion of the tracks of the C&WI must also be resolved in the railroad's favor. The evidence specifically shows that the E-L reserves the right to operate over the portion of track now used exclusively by trains Nos. 5 and 6, and which was formerly used occasionally by

336 I.C.C.

freight cars. Accordingly, no section 1(18) application is required, cf., Finance Docket No. 24678, *Oregon-Washington Railroad, et al.—Trackage Rights—Southern Pacific Co.*

The Commission has repeatedly enunciated, in cases of this nature, that the factors among others to be considered are the populations of the communities served, the use made by the public of the service sought to be discontinued, the availability of other transportation means in the area, the financial losses sustained by the carrier in providing the service, the general financial condition of the carrier, and the burden cast on interstate commerce by the operation. No single factor is controlling. Some of these points have already been discussed. Contentions of the parties concerning matters of law or fact not specifically discussed have been considered and found to be without legal merit or material significance.

The chief reasons for the financial plight of trains Nos. 5 and 6 may be ascribed primarily to the precipitous drop in mail revenues earned by them and secondarily to the decline in passenger revenues. It can hardly be gainsaid that E-L's petition would not merit serious consideration were it not for the recent diversion of mail traffic by the Post Office to freight service and to other modes of transportation. While the E-L did not submit statistics showing the actual volume of mail diverted from the considered trains to freight service, the evidence reveals that a sizeable portion has been lost to the system, and the portion retained is not sufficient to support the passenger operations. Compare *Southern Pac. Co. Discontinuance of Trains*, 333 I.C.C. 525, 546.

The possibility of salvaging at least a portion of the trains' services, viewed in light of the operating results and estimates restated to reflect segmented and/or weekend and/or holiday service produces a disheartening result, the more so since discontinuance of this brace of trains will mark finis to this railroad's passenger service between Hoboken and Chicago. No escape is discernible from the heavy deficits which would still be incurred from operations under any of these alternatives under existing methods of operation. Our adjustments of the expenses earmarked as savable by the E-L do not alter this conclusion. The figures, actual and *pro forma*, disclose the inescapability of severe deficit operations which act as a drain upon the system's overall and recently attained profit position. Passenger revenues would have to almost double for the trains to break even. The carrier subsidizes every passenger by almost \$18 and loses \$2,700 each day

336 I.C.C.

that these trains operate. The reason for that is the decline in revenues over the past 2 1/2 years: a 29-percent drop in passenger revenues and a loss of 80 percent of the mail earnings. Over the same period expenses rose by only about 1 percent. And the record clearly shows a good service is offered to the public with no probative evidence of downgrading. In short, E-L cannot afford to operate a train 977 miles to provide what is in essence a local service for the intermediate stations. This is typified by the average 25.95 passengers who boarded at Hoboken daily during the first 6 months of 1969, of whom only 0.45 went to Chicago.

Rail service will continue to be offered between the termini over other routes and between Hoboken and Dover, N. J., and between Chicago and Youngstown. Where rail service will end between Dover and Youngstown, we have gone into great detail to show the other forms of common carrier service and means of travel available in that area. We must conclude that the public convenience and necessity does not require the continued operation of these trains.

Although the carrier has erased the red from its financial statements, the operation of these trains is a life-sapping drain. For the first half of 1969, the carrier earned revenues of \$126 million and reaped from that a net income of \$4.2 million. In so doing it had to carry the great weight of over a million dollars lost from the operation of these trains, an out-of-pocket loss far out of proportion to its income and the use made of the trains by the public.

Upon consideration of the entire record, we are constrained to find that, as a matter of law, operation by the Erie-Lackawanna Railroad Company of passenger trains Nos. 5 and 6 between Hoboken, N. J., and Chicago, Ill., is not required by the public convenience and necessity and that their continued operation would constitute an undue burden on interstate commerce.

We wish to emphasize, however, that our action herein is permissive and not mandatory. That a portion of the public is concerned about the loss of this service was demonstrated by the turnout of public witnesses at the hearings and by the numerous letters and signed petitions beseeching its continuance. We hold out the hope that the railroad may see its way in preserving a service which many are now supporting with their patronage. We note that systemwide, the E-L has turned the corner to profitable operations, and that its revenues are trending up. We also note

336 I.C.C.

that it possesses a most valuable asset—a tax-carry-forward credit of over \$50 million. While we cannot, on the facts, and under the act, require continuance of the trains, we urge the railroad to muster its managerial acumen in an all-out effort to save this last brace of trains.

Since the carrier is required by our order of August 6, 1969, to continue the operation of these trains through December 30, 1969, we expect it to post additional notice and take other appropriate measures to notify the public that trains Nos. 5 and 6 will be discontinued upon the completion of the runs which begin on December 29th and end on December 30th. The findings herein and our order are not intended to preclude the carrier from continuing the operation voluntarily through the holiday season.

An appropriate order will be entered discontinuing the investigation.

COMMISSIONER HARDIN concurs in the result.

APPENDIX A

Passenger carriers referred to in this report

<i>Full names</i>	<i>Shortened names</i>
Erie Lackawanna Railway Co.	E-L or the railroad
Chicago & Western Indiana Railroad Co.	C&WI
Hocking Valley Railway Company	Hocking Valley
Baltimore and Ohio Railroad Co., The	B & O
Penn Central Transportation Co.	Penn Central
Greyhound Lines	Greyhound
Blue Bird Coach Lines	Blue Bird
Chautauqua Transit	Chautauqua
Seaway Coach Lines	Seaway
Frank Martz Coach Co.	Martz
	336 I.C.C.

APPENDIX B

Schedule of trains Nos. 5 and 6 and populations of communities served

(Read down) Train No. 5	Miles	City	(Read up) Train No. 6	Population
<i>Eastern Standard Time</i>				
<i>P.M.</i>			<i>A.M.</i>	
7:00	0.0	Lv. Hoboken, N.J-----	Ar. 8:45	48,441
7:15(a)	7.8	Lv. Newark, N. J-----	Ar. 8:32(b)	405,220
7:23(a)	10.6	Lv. Brick Church, N. J-----	Ar. 8:23(b)	77,259
7:37(a)	20.1	Lv. Summit, N. J-----	Ar. 8:09(b)	23,677
8:05(a)	40.5	Lv. Dover, N. J-----	Ar. 7:42(b)	13,034
8:35	67.2	Lv. Blairstown, N. J-----	Lv. 7:10	1,797
9:00	83.9	Lv. East Stroudsburg, Pa-----	Lv. 6:51	7,674
9:18	97.0	Lv. Cresco, Pa-----	Lv. 6:29	500
9:32(b)	105.0	Lv. Pocono Summit, Pa-----	-----	275
10:20	135.5	Lv. Scranton, Pa-----	Lv. 5:39	111,443
11:35	194.1	Lv. Binghamton, N. Y-----	Lv. 4:30	75,941
<i>A.M.</i>				
12:15(c)	235.3	Lv. Waverly, N. Y-----	Ar. 3:31(e)	5,950
1:00	252.9	Lv. Elmira, N. Y-----	Lv. 3:15	46,517
1:25	271.0	Lv. Corning, N. Y-----	Lv. 2:55	17,085
2:30	311.5	Lv. Hornell, N.Y-----	Lv. 2:10	13,907
3:03	337.7	Lv. Wellsville, N. Y-----	Lv. 1:25	5,967
3:50	374.9	Lv. Olean, N. Y-----	Lv. 12:40	21,868
4:20	393.0	Lv. Salamanca, N. Y-----	Lv. 12:15	8,480
<i>A.M.</i>				
4:40(d)	410.4	Lv. Randolph, N. Y-----	Lv. 11:38	1,414
5:00	426.8	Lv. Jamestown, N. Y-----	Lv. 11:20	41,818
5:29	453.5	Lv. Corry, Pa-----	Lv. 10:50	7,744
6:15	495.2	Lv. Meadville, Pa-----	Lv. 10:05	16,671
6:45	521.4	Lv. Greenville, Pa-----	Lv. 9:30	8,765
7:05	536.3	Lv. Sharon, Pa-----	Lv. 9:05	25,267
7:35	549.9	Lv. Youngstown, Ohio-----	Lv. 8:45	166,689
8:00	563.8	Lv. Warren, Ohio-----	Lv. 8:11	59,648
8:45	594.2	Lv. Kent, Ohio-----	Lv. 7:35	17,836
9:10	604.9	Lv. Akron, Ohio-----	Lv. 7:15	290,351
10:02	654.7	Lv. Ashland, Ohio-----	Lv. 6:12	17,419
10:30	671.3	Lv. Mansfield, Ohio-----	Lv. 5:55	47,325
10:45	686.8	Lv. Galion, Ohio-----	Lv. 5:30	12,650
11:25	707.7	Lv. Marion, Ohio-----	Lv. 5:10	37,079
<i>P.M.</i>				
12:25	759.6	Lv. Lima, Ohio-----	Lv. 4:05	51,037
1:50	834.2	Lv. Huntington, Ind-----	Lv. 2:45	16,185
<i>Central Standard Time</i>				
<i>P.M.</i>				
1:31	875.9	Lv. Rochester, Ind-----	Lv. 12:55	4,883
<i>P.M.</i>				
2:55	955.8	Lv. Hammond, Ind-----	Lv. 11:40	111,698
3:30	977.0	Ar. Chicago, Ill-----	Lv. 11:00	3,550,404
<i>P.M.</i>				
<i>A.M.</i>				

Notes: Population figures are from Rand McNally Commercial Atlas and Marketing Guide--1965.

- (a) Stops to receive passengers.
- (b) Stops on notice to conductor to discharge passengers.
- (c) Stops on advance notice to discharge passengers from Blairstown and East and to receive passengers from Jamestown and West.
- (d) Stops on advance notice to pick up for Meadville and West.
- (e) Stops on advance notice to discharge passengers from Jamestown and West and to receive passengers for Blairstown and East.
- (f) Stops to discharge passengers.

336 I.C.C.

APPENDIX C

Consists of trains Nos. 5 and 6

Cars	From	To	Frequency
	<i>Train No. 5</i>		
One papers (sealed) --	Hoboken---	Akron-----	Wednesday only
One mail and baggage-	-----do-----	Chicago-----	Daily
One coach-----	-----do-----	-----do-----	Daily
One coach-----	-----do-----	-----do-----	Thursday, Friday, and Saturday
One coach-----	-----do-----	Youngstown--	Sunday, Monday, Tuesday, and Wednesday
One diner-----	-----do-----	Huntington--	Daily
One sleeper-----	-----do-----	Youngstown--	Daily
One papers (sealed)-	-----do-----	Elmira-----	Saturday only
One papers (sealed)-	-----do-----	Scranton-----	Saturday only
One mail (sealed)-----	Mansfield---	Chicago-----	Except Sunday and Monday
	<i>Train No. 6</i>		
One mail and baggage-	Chicago---	Hoboken-----	Daily
One coach-----	-----do-----	-----do-----	Daily
One coach-----	-----do-----	-----do-----	Friday, Saturday, and Sunday
One coach-----	Youngstown-	-----do-----	Monday, Tuesday, Wednesday, and Thursday
One diner-----	Huntington--	-----do-----	Daily
One sleeper-----	Youngstown-	-----do-----	Daily
One mail (sealed)-----	Chicago---	Mansfield-----	Except Saturday and Sunday
One mail (sealed)-----	Chicago---	Marion ¹ -----	Saturday and Sunday (for Mansfield)

¹Mansfield mail car runs on train No. 62 from Marion to Mansfield on Saturday and Sunday.

APPENDIX D

	Actual				Projected year 1969
	1967	1968	First 6 months 1968	First 6 months 1969	
Direct train revenues					
Passenger-----	\$1,114,800	\$847,900	\$380,900	\$355,000	\$788,800
Baggage-----	5,500	4,000	3,300	2,800	6,200
Sleeping car-----	-----	-----	-----	23,000	51,100 ¹
Mail-----	2,330,900	1,289,500	818,200	231,900	463,800
Express-----	28,700	21,100	19,800	-----	-----
Other--passenger-----	41,500	46,600	24,100	45,500	91,000
Milk-----	-----	12,800	10,900	-----	-----
Dining and buffet-----	126,000	100,600	47,200	40,800	87,000
Rent from passenger train cars-----	25,900	22,100	11,100	-----	-----
Indirect train revenues					
Passenger-----	1,100	400	300	200	400
Station, train and boat privileges-----	9,000	9,700	3,800	3,400	6,800
Miscellaneous-----	6,400	4,300	1,900	1,500	3,000
Total revenues-----	3,689,800	2,359,000	1,321,500	704,100	1,498,100
Direct train expenses					
Locomotive repairs and servicing---	112,600	116,500	56,600	60,800	123,500
Car repairs and servicing-----	313,700	434,100	231,400	195,400	403,000
Stores expenses-----	29,300	31,100	15,100	16,300	32,900
Equipment depreciation-----	17,500	9,600	4,800	3,900	7,700
Injuries to persons-----	3,800	5,300	2,600	2,400	5,600
Health and welfare-----	12,900	15,700	7,600	8,200	16,700
Station employees-----	317,900	332,600	161,800	171,300	350,500
Station supplies-----	31,600	33,100	16,100	17,000	34,900
Yard crews and locomotive-----	150,400	153,400	75,100	47,500	97,500
Train enginemen-----	363,400	384,900	189,000	193,900	394,400
Train fuel-----	258,600	269,700	134,800	149,800	302,800
Trainmen-----	392,300	406,400	209,200	180,900	367,000
Operating sleeping cars-----	123,300	89,200	30,100	113,300	130,500
Health and welfare-----	45,100	46,900	23,300	22,600	46,200
Injuries to persons-----	15,500	15,600	7,800	8,600	17,300
C&WI savings-----	54,400	58,000	27,300	24,400	42,000
Marion depot savings-----	11,500	11,500	5,700	6,000	12,000
Dining and buffet-----	280,900	237,400	120,400	98,300	196,600
Health and welfare-----	14,100	6,600	3,300	3,000	6,000
Clerks and attendants-----	21,900	23,000	11,200	12,000	24,300
Health and welfare-----	900	1,000	500	600	1,200
Railway tax accruals-----	177,100	180,200	89,200	86,700	177,000
Total direct train expenses-----	2,748,700	2,861,800	1,422,900	1,422,900	2,789,600
Profit or (loss) from operations---	941,100	(502,800)	(101,400)	(718,800)	(1,291,500)

¹Note: Effective January 1, 1969, E-L started operating its own sleeping car.

APPENDIX E

*Statement of estimated revenue and expenses for seasonal
service based on June, July, and August 1968*

	Hoboken- Chicago	Hoboken- Scranton
<i>Operating revenues</i>		
Passenger-----	\$276,400	\$15,400
Sleeping car-----	10,600	-----
Mail-----	287,000	-----
Express-----	300	100
Milk-----	-----	-----
Dining car-----	33,900	1,900
Miscellaneous-----	10,000	-----
Total operating revenues-----	618,200	17,400
<i>Operating expenses</i>		
Locomotive repairs and servicing-----	123,500	10,400
Car repairs and servicing-----	403,000	205,800
Stores expense-----	32,900	6,500
Injuries to persons-----	5,600	3,200
Health and welfare-----	16,700	9,600
Station employees-----	350,500	8,500
Station supplies-----	34,900	800
Yard crews and locomotive-----	24,700	9,400
Train enginemen-----	103,100	13,300
Train fuel-----	77,000	4,600
Trainmen-----	98,200	12,100
Operating sleeping car-----	26,800	-----
Health and welfare-----	23,900	1,600
Injuries to persons-----	4,300	600
C&WI savings-----	8,600	-----
Marion depot savings-----	3,000	-----
Dining and buffet-----	72,600	14,700
Health and welfare-----	2,200	600
Clerks and attendants-----	6,200	2,000
Health and welfare-----	300	100
Railway tax accruals-----	101,400	27,700
Total railway operating expenses-----	1,519,400	331,500
Profit (loss) from operations-----	(901,200)	(314,100)

336 I.C.C.

APPENDIX F

E-L's summary of estimated annual revenues and expenses in segmented service, 1 trains Nos. 5 and 6, based on the first half of 1969

336 I.C.C.

	Hoboken to Hornell			Hoboken to Youngstown			Youngstown to Chicago		
	Daily	Weekend	Holiday	Daily	Weekend	Holiday	Daily	Weekend	Holiday
Operating revenue:									
Passenger	\$115,700	\$73,600	\$28,400	\$305,700	\$166,100	\$80,600	\$178,900	\$133,500	\$45,200
Baggage				51,100					
Sleeping car				193,400			270,400		
Mail	122,000								
Express									
Other--passenger train	57,000			76,000			5,000		
Milk									
Dining and buffet	12,500	7,900	3,100	38,500	17,900	8,700	19,300	14,400	4,900
	307,200	81,500	31,500	664,700	184,000	89,300	473,600	147,900	50,100
Operating expense:									
Locomotive repairs and servicing	52,500	40,700	35,500	68,200	47,400	38,300	60,100	44,000	36,900
Car repairs and servicing	201,100	158,400	79,700	275,600	174,200	86,200	214,500	164,600	82,400
Stores expense	32,900	26,200	26,200	32,900	26,200	26,200	32,900	26,200	26,200
Injuries to persons	3,600	3,100	2,000	3,600	3,100	2,000	3,400	3,100	2,000
Health and welfare	11,200	9,800	6,400	11,500	9,800	6,400	10,900	9,800	6,400
Station employees	25,500			67,500			28,800		
Station supplies	2,500			6,700			2,900		
Yard crews and locomotive	37,500			37,500					
Train enginemen	115,400	57,600	23,600	233,000	107,800	44,200	184,000	78,600	32,200
Train fuel	96,500	41,300	16,900	170,400	72,900	29,900	132,400	56,500	23,200
Trainmen	114,200	50,000	20,600	256,600	100,000	41,000	156,400	66,600	27,400
Operating sleeping cars				37,700					
Health and welfare	10,800	3,900	1,600	23,800	7,600	3,900	13,700	5,300	2,200
Injuries to persons	5,600	2,400	1,000	9,800	4,200	1,800	7,600	3,200	1,400
C&WI savings									
Marion depot savings									
Dining and buffet	82,200	33,200	13,300	114,900	47,100	19,000	104,500	63,300	21,900

*E-L's summary of estimated annual revenues and expenses in segmented service, 1
trains Nos. 5 and 6, based on the first half of 1969—Continued*

	Hoboken to Hornell			Hoboken to Youngstown			Youngstown to Chicago		
	Daily	Weekend	Holiday	Daily	Weekend	Holiday	Daily	Weekend	Holiday
Operating expense—Continued:									
Health and welfare	\$2,300	\$700	\$300	\$3,900	\$1,400	\$600	\$3,100	\$1,000	\$400
Clerks and attendants.....	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800
Health and welfare	400	400	400	400	400	400	400	400	400
Railway tax accruals	59,300	34,200	19,600	97,900	45,900	24,400	68,200	38,800	21,400
Total railway operating expense --	861,300	469,700	254,900	1,459,700	655,800	332,300	1,077,200	589,000	300,400
Profit or (loss) from operations	(554,100)	(388,200)	(223,400)	(795,000)	(471,800)	(243,000)	(603,600)	(441,100)	(250,300)

¹So chosen because traffic is relatively heavy between Hoboken and Hornell, and the E-L has terminal facilities at the latter point and at Youngstown. All statistics predicated upon the basis that present schedules and consists would be maintained.

APPENDIX G

E-L's estimated annual improvement in income resulting from discontinuance of trains Nos. 5 and 6

Annual train revenues to be lost -----	\$1,487,900
Estimated indirect train revenues to be lost including feeder revenue -----	10,200
Annual net rents to be lost -----	29,600
Estimated annual increased cost of employee travel -----	64,700
Estimated annual increased cost of deadheading crews ---	146,700
Estimated annual increased cost of handling company mail -	80,400
Estimated annual increased cost of handling company material -----	41,000
Estimated annual increased cost of property and franchise taxes -----	65,800
Total revenue lost and costs increased -----	<u>1,926,300</u>
Annual direct train costs to be saved -----	2,789,600
Estimated wage accrual to be saved—locomotive dept. ¹ ---	700
Estimated wage accrual to be saved—car dept. ¹ -----	13,400
Estimated health and welfare and payroll taxes to be saved—locomotive and car depts.-----	2,000
Estimated savings in yard crew "Doubles" at Hoboken ---	17,200
Estimated savings in yard crew "Doubles" at Youngstown --	14,300
Return on payroll savings at 9 percent -----	155,400
Annual depreciation to be saved -----	<u>144,000</u>
Total costs saved -----	<u>3,136,600</u>
Net annual improvement in income (line 18 less line 9) ---	<u><u>1,210,300</u></u>

APPENDIX H

Adjusted operating results for 1969

Direct train revenues:	
Passenger -----	\$788,800
Baggage -----	6,200
Sleeping car -----	51,100
Mail -----	510,200
Other—passenger -----	198,100
Dining and buffet -----	87,000
Rent from passenger train cars -----	-----
Indirect train revenues:	
Passenger -----	400
Station, train, and boat privileges ---	6,800
Miscellaneous -----	<u>3,000</u>
Total revenues -----	<u>-----</u>
	\$1,651,600

¹Estimated monies expected from pending wage negotiations.

Adjusted operating results for 1969—Continued

Direct train expenses:

Locomotive repairs and servicing - - -	\$123,500	
Car repairs and servicing - - - - -	403,000	
Stores expenses - - - - -	32,900	
Injuries to persons - - - - -	5,460	
Health and welfare - - - - -	16,280	
Station employees - - - - -	330,100	
Station supplies - - - - -	32,840	
Yard crews and locomotive - - - - -	97,500	
Train enginemen - - - - -	394,400	
Train fuel - - - - -	302,800	
Trainmen - - - - -	367,000	
Operating sleeping cars - - - - -	37,700	
Health and welfare - - - - -	45,190	
Injuries to persons - - - - -	17,300	
C&WI savings - - - - -	42,000	
Marion depot savings - - - - -	12,000	
Dining and buffet - - - - -	196,600	
Health and welfare - - - - -	6,000	
Clerks and attendants - - - - -	24,300	
Health and welfare - - - - -	1,200	
Railway tax accruals - - - - -	<u>174,000</u>	
Total direct train expenses - - - - -	2,662,070	
Net loss from operations - - - - -		<u>\$1,010,470</u>

APPENDIX I

*Adjusted estimated annual improvement in income resulting
from discontinuance of trains Nos. 5 and 6*

Annual train revenues to be lost - - - - -	\$1,651,600	
Annual net rents to be lost - - - - -	29,600	
Annual increased cost of employee travel - - -	64,700	
Annual increased cost of deadheading crews -	146,700	
Annual increased cost of handling company mail - - - - -	80,400	
Annual increased cost of handling company material - - - - -	41,000	
Annual increased cost of property and fran- chise taxes - - - - -	<u>65,800</u>	
Total revenue lost and costs increased - - - - -		\$2,079,800
Annual direct train costs to be saved - - - - -	2,662,070	
Estimated wage accrual to be saved—locomotive dept. - - - - -	700	
Estimated wage accrual to be saved—car dept. - - - - -	13,400	

336 I.C.C.

*Adjusted estimated annual improvement in income resulting
from discontinuance of trains Nos. 5 and 6—Continued*

Estimated health and welfare and payroll taxes to be saved—locomotive and car depts. -----	\$2,000	
Estimated savings in yard crew "Doubles" at Hoboken -----	17,200	
Estimated savings in yard crew "Doubles" at Youngstown -----	<u>14,300</u>	
Total costs saved -----		<u>\$2,709,670</u>
Net annual improvement in income -----		<u><u>629,870</u></u>

336 I.C.C.