

by the competitive advantage, applicant will still share in the increased traffic. This anticipated increment of revenue would accrue to both carriers and be accomplished without the expenditure of amounts in excess of \$250,000, representing the cost of constructing the proposed connecting tracks. Finally, authority to consummate the transactions proposed by applicant would result in applicant's system being disconnected and entirely dependent upon another railroad under trackage rights for through movements.

We are cognizant of the fact that in *Cambria & I.R. Co. Construction of Extension* 94 I.C.C. 536 (1925), applicant was authorized to construct an entire line of railroad to connect its then existing lines with the same area it now seeks to serve, over the objection of the Pennsylvania, and that this authority was never exercised. The proposal in that proceeding was quite different from that herein, and equally important in recent years, the Pennsylvania has experienced a decidedly downward trend in traffic and earnings compared with the situation at the date of that decision.

We find (1) in Finance Docket No. 22319, that the construction and operation of a line of railroad and the acquisition and operation of a line of railroad by the Cambria and Indiana Railroad Company in Cambria County, Pa., as described herein, has not been shown to be required by the present and future public convenience and necessity; and (2) in Finance Docket No. 22320, that the proposed acquisition by the Cambria and Indiana Railroad Company of trackage rights over a line of railroad of The Pennsylvania Railroad Company, as described herein, is a transaction within the scope of section 5(2) of the Interstate Commerce Act, that the transaction has not been shown to be consistent with the public interest, and that the applications should be denied.

An appropriate order will be entered.

BOARD MEMBER PURSELL dissents.

317 I.C.C.

FINANCE DOCKET No. 21391

CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC RAILROAD COMPANY DISCONTINUANCE OF PASSENGER TRAIN SERVICE BETWEEN MINNEAPOLIS, MINN., AND TACOMA, WASH.

Decided May 17, 1961

Upon investigation, found (a) that the operation by Chicago, Milwaukee, St. Paul and Pacific Railroad Company of its passenger trains Nos. 15 and 16 between Butte, Mont., and Tacoma, Wash., is not required by public convenience and necessity and the continued operation thereof will unduly burden interstate commerce; and (b) that the continued operation by said railroad of its passenger trains Nos. 15 and 16 between Minneapolis, Minn., and Butte, Mont., is required by public convenience and necessity and will not unduly burden interstate or foreign commerce, and such service ordered continued for a period of 1 year from the date hereof. Investigation discontinued.

Raymond K. Merrill, Stuart W. Rider, Jr., Dwight Campbell, J. C. Garlington, and B. E. Lutterman for the carrier.

Oliver A. Ossanna, John M. Agrey, R. J. Thompson, John C. Stewart, Herman L. Bode, C. A. Merkle, Charles A. Carr, Elwin Quinney, William P. Mufich, and David S. Black for State regulatory commissions.

J. R. Scoggin and Henry A. Archambo in support of carrier's proposal.

Arvid M. Falk, Robert J. Swords, Douglas P. Hunt, Robert R. Pflueger, Douglas W. Bantz, John A. DuPont, Ervin A. Timm, Ronald W. Fletcher, Ivan Borman, E. J. Foley, Don Osheim, Robert J. Holland, James D. Freebourn, Robert P. Ryan, P. J. Gilfeather, Harold D. Stearns, Roy F. Johnson, James S. Porter, Russell L. Culver, Bruce M. Brown, John R. Carr, and Louis C. Boedecker for protestants.

Ernest W. Clausen, C. O. Griffith, R. M. Olson, J. H. McLaughlin, Earl A. Bensch, Frank H. Wilson, H. Claypatch, Elmer E. Berglund, J. G. James, E. L. Dirks, Myron G. Jewett, Paul E. Peterson, John C. McDonough, T. C. Harvey, P. L. Patterson, H. W. Niedringhaus, Francis D. Tuffley, G. H. Russ, Mrs. Nick T. Patch, Robert R. Shook, Everett B. Luse, O. R. Lundborg, and Paul K. Byers, Sr. for railway labor organizations, protestants.

317 I.C.C.

REPORT OF THE COMMISSION

DIVISION 3, COMMISSIONERS TUGGLE, McPHERSON, AND BUSH

TUGGLE, *Commissioner*:

Pursuant to the provisions of section 13a(1) of the Interstate Commerce Act, the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, a common carrier by railroad subject to the provisions of part I of the act, hereinafter sometimes referred to as the Milwaukee or as the carrier, filed a notice and supporting statements on December 6, 1960, announcing the proposed discontinuance, on January 8, 1961, of the operation of its passenger trains Nos. 15 and 16 (The Olympian Hiawatha) between Minneapolis, Minn., and Tacoma, Wash. Copies of the notice were duly served and posted as prescribed by section 13a(1) and our rules and regulations thereunder.

Upon consideration of numerous protests and complaints against the proposed discontinuance of service and requests for an investigation thereof filed by State regulatory commissions, affected communities, individuals, and railway labor organizations, the Commission, division 4, by order of December 23, 1960, instituted an investigation of the proposed discontinuance of service and ordered that operation of the aforesaid trains be continued pending hearing and decision in said investigation, but not for a period longer than 4 months beyond the date when the discontinuance otherwise would have become effective. Because of limitations upon the time available for investigation and decision, the order provided for the omission of a recommended report as part of the decision-making process in this proceeding. Hearings were held at Minneapolis, Aberdeen, S. Dak., Spokane and Seattle, Wash., and Butte and Miles City, Mont., at which the regulatory commissions for the States of Minnesota, North Dakota, South Dakota, and Washington appeared in opposition to the proposed discontinuance and the Montana Railroad Commission appeared as its interest might be involved. The parties waived the filing of briefs, and the Milwaukee acceded to our request to continue operating the trains beyond the 4-month statutory period to provide opportunity for an adequate consideration of the evidence of record.

The trains in question now operate daily in each direction between Chicago, Ill., and Tacoma. Between Chicago and Minneapolis they operate as the consolidated Twin Cities Hiawatha and Olympian Hiawatha trains, and between Minneapolis and Tacoma as the Olympian Hiawatha. The carrier proposes to discontinue only the operation between Minneapolis and Tacoma.

The carrier's line extends 1,806 miles from Minneapolis in an east-west direction through the south-central portion of Minnesota, in a

northwesterly direction across South Dakota and the southwestern corner of North Dakota, thence in a generally east-west direction through Montana, Idaho, and Washington to Seattle and to Tacoma. Trains 15 and 16 provide the only east-west passenger train service available in South Dakota and in that portion of Minnesota described above.

Although the carrier operates four passenger trains daily from Chicago to Minneapolis and five daily from Minneapolis to Chicago, it provides no passenger train service between Minneapolis and Tacoma other than that afforded by trains 15 and 16. While competitive passenger train service is provided between Chicago, Minneapolis-St. Paul, Minn., Spokane, Seattle, and Tacoma, through the service of the Chicago, Burlington, & Quincy Railroad Company between Chicago and Minneapolis, and that of the Northern Pacific Railway Company and the Great Northern Railway Company beyond, the service provided by trains 15 and 16 at points west of Minneapolis and east of Spokane is in no way competitive with that of the Great Northern. Neither is the service of the trains in the area west of Minneapolis competitive with that of the Northern Pacific until the lines of the respective carriers intersect at Terry, Mont. Between Terry and Tacoma, a distance of 1,123 miles, there are five specific areas, covering a total distance of 550 miles, where the lines of the Northern Pacific and the Milwaukee are immediately adjacent to one another and where both carriers provide passenger train service. These areas are between Terry and Forsyth, Mont., a distance of 84 miles; between Lombard and Missoula, Mont., 211 miles; between Missoula and Haugan, Mont., 94 miles; between Spokane and Lind, Wash., 86 miles; between Ellensburg and Easton, Wash., 37 miles; and between Seattle and Tacoma, 38 miles.

There are 573 miles between Terry and Tacoma where the Milwaukee provides the only rail passenger service. These areas are between Forsyth and Lombard, a distance of 249.3 miles; between Haugan and Spokane, 143.8 miles; between Lind and Ellensburg, 102 miles; and between Easton and Seattle, 78.3 miles. Out of a total of 47 stations served by trains 15 and 16, 30 as regular stops, 7 of the latter are located between Forsyth and Lombard, 2 between Haugan and Spokane, 1 between Lind and Ellensburg, and 2 between Easton and Seattle. Appendix A hereto shows the schedule of the trains and the names and population of the stations served.

Between Minneapolis and Tacoma the trains are powered with diesel locomotives. The usual consist of the trains includes a dormitory-baggage car, 2 reclining-seat leg rest coaches, 1 Super-Dome car with cafe lounge, one 48-seat dining car, one 14-section Touralux pullman sleeping car, 1 pullman sleeping car containing 10 roomettes and

6 double bedrooms, and one 8 double-bedroom Skytop lounge car. The cafe lounge car is not operated when traffic is light. All passenger carrying equipment is air conditioned. In addition to the other equipment described, the trains regularly carry one storage baggage car and one combination mail-express car, with a 30-foot mail compartment assigned therein as a railway post office, between Minneapolis and Aberdeen, and one baggage car between Minneapolis and Harlowton, Mont. Additional express cars, coaches, and sleeping cars are added to the trains as required.

Passengers, baggage, human remains, newspapers, milk, and cream are transported on the trains between Minneapolis and Tacoma. Mail is transported westbound between Minneapolis and Spokane, and eastbound between Othello, Wash., and Minneapolis, and express between Minneapolis and Aberdeen, between Lemmon, S. Dak., and Spokane, and between Othello and Seattle.

The carrier bases the instant proposal upon an alleged decline in the use being made of trains 15 and 16; upon the losses it has sustained in their operation; upon the adequacy of alternative means of transportation available; upon the lack of any future prospect for improved earnings of the trains; upon the ability of the Post Office Department and the Railway Express Agency to provide adequate substitute service; and upon its generally unfavorable earnings position systemwise. It asserts that it must eliminate the deficits incurred by the trains in order to better and more economically serve those segments of the shipping public requiring transportation service.

Notwithstanding its contention that there has been a steady decline in the number of passengers utilizing the service of the trains, the carrier submitted no data on the volume of traffic handled by the trains or respecting the point to point movement of the passengers transported for any period prior to November 1958. It was explained that by reason of the manner in which the passenger accounts were regularly maintained prior to November 1958, it is not possible to obtain back data respecting actual movements of passengers on the trains, but that, since November 1, 1958, actual records of passengers handled from and to each point on the line have been maintained. Exhibits reflecting the movements of passengers handled by the trains were submitted for the period November 1, 1958, through October 1959, and November 1, 1959, through October 1960. During the first period train No. 15 transported 57,994 revenue passengers for an average of 158.9 per trip, and train No. 16 transported 59,895 revenue passengers for an average of 164.1 per trip. During the second period, train 15 transported 58,227 revenue passengers for an average of 159.1 per trip and train 16 transported 59,581

revenue passengers for an average of 162.8 per trip. Although the number of passengers transported and the average number of miles traveled per passenger remained substantially the same for both periods, the total passenger revenue earned by the trains during the latter period declined by approximately \$125,000.

Appendixes B and C hereto reflect the pattern of movement of the revenue passengers handled by each of the trains during the 12-month period November 1958–October 1959. The pattern of movement of the revenue passengers transported during the period November 1959–October 1960 was not substantially different from that for the period covered in those appendixes.

As reflected by appendix B, over 85 percent of the westbound passengers handled by train 15 during the period November 1958–October 1959, originated at or between Minneapolis and Butte, including nearly 37 percent which originated at points south or east of Minneapolis. The remaining 15 percent originated at points west of Butte. About 50 percent of the passengers moved to Spokane or points west thereof and approximately 44 percent moved to points between Minneapolis and Butte, including Butte, with over 34.5 percent moving to points east of Miles City, and approximately 9 percent to points between Miles City and Butte. Nearly 22.5 percent of the passengers originated in the area between Minneapolis and Butte, excluding Minneapolis, 18 percent having originated in the area east of Miles City. Of the passengers originating at points west of Minneapolis and east of, but including Butte, almost 42 percent moved to destinations within that area. Only about 6 percent of the westbound passengers moved to points in the area west of Butte and east of Spokane.

Appendix C shows that more than 57 percent of the eastbound passengers transported on train 16 during the same period originated at points west of Butte, and the remaining 43 percent at Butte or points east thereof. Over 60 percent of the eastbound passengers moved to Minneapolis or points beyond, and nearly 25 percent moved to points between Butte and Minneapolis. The remainder of less than 15 percent moved to points west of Butte.

With respect to those areas between Terry and Tacoma where Milwaukee provides the only existing rail passenger service, the record shows that, during the two periods covered by the carrier's exhibits, a greater number of passengers were transported to or from points between Forsyth and Lombard than moved to or from points within similar areas west of Butte.

The normal engine and train crews of the trains consist of an engineer, fireman, conductor, flagman, and a baggageman. Between Minneapolis and Mobridge, S. Dak., and between Lemmon and Mar-

marth, N. Dak., however, an additional brakeman is used. Normally, 26 engine crews and 21 traincrews are assigned to the trains between Minneapolis and Tacoma. Within the entire territory there are 21 conductors, 55 trainmen, 26 engineers, and 27 firemen allocated to the operation of the trains. In addition, there is a dining car crew consisting of one steward, two cooks, and two waiters assigned to the trains between Chicago and Tacoma during the offpeak season, and one steward, three cooks, and four waiters during the peak seasons. Express messengers are also utilized. Out of an aggregate of eight messengers allotted to cover the entire territory, one is assigned to the train between Lemmon and Miles City, and five between Miles City and Spokane, and two between Othello, Wash., and Seattle. The Post Office Department also has a crew of 5 men assigned to the trains between Minneapolis and Aberdeen, with 18 in all required to cover these assignments. The Pullman Company allots a pullman conductor and porter to each pullman car. Normally there are three pullman cars on each train. Between Chicago and Tacoma 11 pullman conductors and 30 pullman porters are utilized to carry out the assignments. If trains 15 and 16 were discontinued west of Minneapolis, there would be no need for any of the pullman forces now assigned to the trains. In addition to the other employees, each train is assigned a coach porter between Minneapolis and Tacoma with a total of 11 utilized. If the instant proposal were authorized, the coach porter assignments would be reduced to five.

On each run in each direction between Minneapolis and Tacoma the traincrews are changed at 7 points and the engine crews at 10. The engine crew territories extend between Minneapolis and Montevideo, Minn.; between Montevideo and Aberdeen; between Aberdeen and Mobridge; between Mobridge and Marmarth; between Marmarth and Miles City; between Miles City and Harlowton; between Harlowton and Deer Lodge, Mont.; and between Deer Lodge and Avery, Idaho. In the area between Avery and Cle Elum, Wash., there is an interchange of assignments under which the engine crews sometimes change at Avery, sometimes at Spokane, and sometimes at Cle Elum. The territory between Cle Elum and Tacoma is also assigned as a separate run for engine crews.

The territories for traincrews extend between Minneapolis and Aberdeen; between Aberdeen and Mobridge; between Mobridge and Miles City; between Miles City and Harlowton; between Harlowton and Deer Lodge; between Deer Lodge and Spokane; and between Spokane and Tacoma. Including the 18 postal mail clerks previously mentioned, there is a total of 236 operating employees holding work assignments on trains 15 and 16 between Minneapolis and Tacoma.

Appendix D hereto shows the financial results of operating the

trains for the two 12-month periods previously specified computed upon an out-of-pocket cost basis. While the carrier shows net out-of-pocket losses for the two periods amounting, respectively, to \$2,274,180 and \$2,619,579, it also submitted an exhibit for the two periods on a fully distributed cost basis which shows a net loss in the operation of the trains for the respective periods amounting to \$3,585,597 and \$3,975,496.

In computing the revenues shown on appendix D, passenger revenue was determined by an analysis of tickets collected by the conductors or by tickets honored and not collected. Revenue on tickets relating to local movements between Minneapolis and Tacoma were allocated solely to the trains in question, and the revenue from tickets for passengers moving from or to points beyond the train run were allocated to the trains on a mileage prorate basis. Revenue from the transportation of mail and milk is actual as shown on the carrier's books and records. Express revenue for the transportation of carload shipments is actual, while that for the transportation of less-than-carload express was determined on the basis of assigned car-foot miles on the trains, to which a system average revenue per car-foot mile was applied. Dining revenue was ascertained through an analysis of actual meals served west of Minneapolis and the revenue accruing therefrom. Bar revenue was determined by utilizing State tax reports to States traversed or from special studies of actual sales made in those instances where no State taxes were paid. Revenue from the transportation of remains is an estimate based on the actual number of human remains carried on the trains to which was applied the one-way first-class fare that pertains to the distance the remains moved on trains 15 and 16. Newspaper revenue is an estimate.

The expenses for wages of conductors, brakemen, baggagemen, engineers, firemen, and coach porters are those actually incurred to which an allowance for vacation pay and health insurance has been added. The amounts shown for diesel locomotive fuel, diesel and electric locomotive repairs, passenger train car repairs, train supplies and expenses, lubricants for train locomotives, other supplies for train locomotives, water for train locomotives, and enginehouse expenses were estimated on the basis of applicable system averages. The amount shown for electricity for electric locomotives is based on the kilowatt-hours used by the locomotives on the trains in question. Pullman net expense is the difference between the expenses and revenues for the operation of pullman cars between Chicago and Tacoma. The expense for dining and buffet service is an estimate based upon an analysis of food costs on the Chicago-Tacoma trains 15 and 16 and an apportionment to the train run between Minneapolis and Tacoma on the basis of the number of meals served. Included are labor costs,

that are based upon the actual hours dining car crews were in service west of Minneapolis, and miscellaneous expenses which were apportioned from a system cost to the train run west of Minneapolis, based upon the relationship of the number of meals served. The amounts included for depreciation on equipment represent the actual amounts shown on the carrier's books for depreciation on 13 diesel-electric units and 30 passenger train cars utilized between Minneapolis and Tacoma. The carrier asserts that discontinuance of trains 15 and 16 would enable it to release this equipment for service elsewhere on the system or to offer it for sale. Joint facility expenses were determined from an analysis of bills, vouchers, and underlying wheelage reports involved in the operation of trains 15 and 16 between Minneapolis and Tacoma. The carrier asserts it would be relieved of expenses in the amount specified by being authorized to discontinue the trains. The amounts specified for claims paid are the actual amounts paid to claimants due solely to the operation of trains 15 and 16.

The expense item of "Other out-of-pocket expenses" consists principally of employees' salaries which the carrier contends were made during the periods involved solely because of the operation of trains 15 and 16. Although many of these employees are paid on a full-time basis they perform limited services for trains 15 and 16, amounting to 2 hours a day or less. The carrier nevertheless charged to those trains the entire salary paid these employees. It is the carrier's contention that, inasmuch as the position or function in question is made necessary solely because of the operation of trains 15 and 16, the entire cost thereof is chargeable to those trains notwithstanding that other segments of its operation derive the principal benefit from the employee or function in question. An exhibit submitted in support of this item of expense describes the positions or functions that comprise the items in issue and the carrier asserts that each position or function listed therein will be eliminated if discontinuance of the trains is authorized. The record does not establish what portion of each position or function was attributable solely to the operation of trains 15 and 16 and which was attributable to other functions of the railroad. It appears, however, that no more than 25 percent of the time of the employees is spent in performing functions solely for operation of trains 15 and 16. Accordingly, only one-fourth of the amount specified as "Other out-of-pocket expenses" may be considered chargeable to the operation of the trains.

The expenses listed for payroll taxes were determined by applying to the labor costs involved in other items of expense the payroll tax percentage applicable thereto. The Minnesota gross earnings tax was determined by applying the 5-percent Minnesota gross earnings tax to a Minnesota train-mile allocation of passenger, mail, and ex-

press revenues. The Washington utility tax represents taxes paid to the State of Washington under the business and utility tax applicable on intrastate traffic handled in the State. The amount specified for "Foreign and private car rental" was determined by applying the applicable rate per car-mile to the foreign and private car miles as operated in trains 15 and 16.

The carrier submitted an exhibit showing the system connected feeder passenger revenue accruing to the system from trains 15 and 16 for passengers destined to, or originating from, points east of Minneapolis for the two periods previously mentioned, and for passengers destined to or originating at Yellowstone National Park handled on or off these trains at Three Forks, Mont., during the summer season of 1959 and 1960. The latter showing also reflects the expenses for the contract bus operations involved in transporting passengers between Three Forks and Gallatin Gateway, Mont., in Yellowstone National Park, during those seasons. The contributive revenue accruing to the system on the transportation of passengers to or from points beyond Minneapolis amounted to \$374,615 for the 12-month period ended October 1959, and \$347,212 for the 12-month period ended October 1960. On the operation to and from Yellowstone National Park, the carrier sustained a net loss of \$1,359 for the 1959 season and \$1,616 for the 1960 season. Following the procedure adopted in *New York Central R. Co. Discontinuance of Service*, 312 I.C.C. 4, and allocating to the system 50 percent of the contributive revenue accruing to cover the out-of-pocket expense of transporting on other trains passengers originating or terminating on the line under consideration, the feeder value of trains 15 and 16 on the passengers originating at or destined to points east of Minneapolis amounted to \$187,307 for the 12-month period ended October 1959, and \$173,606 for the 12-month period ended October 1960. After deducting the net losses sustained on the Yellowstone National Park operations, the net feeder value of the trains to the system was \$185,948 and \$171,990, respectively. By crediting to the trains' earnings the feeder value as thus determined, the carrier's claimed losses for the periods mentioned are reduced, respectively, to \$2,088,232 and \$2,447,589. Having determined that not more than one-fourth of the expense item identified as "Other out-of-pocket expenses" may be considered to be an out-of-pocket expense attributable to trains 15 and 16, the losses claimed for the two periods may be reduced to \$1,827,771 and \$2,187,841, respectively.

With respect to joint facility expenses, the carrier contends that, as a direct result of the discontinuance of trains 15 and 16, it will realize savings in passenger station expenses at Minneapolis, Spokane, and Seattle aggregating \$304,913 annually, and savings in the use of

joint track facilities at various points amounting to \$90,845. Of the total claimed savings, \$351,327 is dependent upon reduction in expenses in passenger terminal facilities at Spokane and Seattle and upon elimination of contracts for joint trackage rights in the State of Washington. Only \$44,871 is claimed as savings from decreased expense in the operation of its passenger station and other facilities in Minneapolis. The record does not show specifically that each and every joint facility expense claimed as a saving will be saved and not shifted to another carrier. We have no doubt, however, that certain savings could be made in joint facility expenses in the State of Washington but the amount cannot be determined from this record. In view of this inadequacy, such expenses cannot be considered as savable and therefore must be disregarded. Their elimination would result in the carrier's out-of-pocket losses for the respective periods specified being further reduced to \$1,457,457 and \$1,792,083.

While the carrier recognizes that the elimination of the trains between Minneapolis and Tacoma would result in the loss of some of the feeder traffic presently moving on trains it operates to or from points east of Minneapolis, it contends that such losses would not be substantial and its estimate of savings does not contemplate the loss of any contributive revenue presently accruing to the system by reason of the operation of trains 15 and 16 between Minneapolis and Tacoma. Although it is speculative as to the amount of feeder traffic that would be lost to other carriers should the trains here considered be discontinued, we believe that, because of the new competitive factors that would be thereby created, such losses would be quite substantial.

The carrier's system net income after fixed charges and other deductions for the years 1958-60 was, respectively, \$8,379,057, \$5,875,176, and \$1,323,063, with net income for 1960 being the lowest during any of the postwar years. In 1958 the carrier sustained a deficit of approximately \$20,000,000 in its system passenger train service and such losses consumed 59.61 percent of its net operating income from freight service. While the system passenger deficit for 1960 was reduced to approximately \$17,670,000, this consumed 64.67 percent of its 1960 net income from freight service. On the basis of system net railway operating income of \$16,871,000 in 1958, the carrier's rate of return on investment for the system was 2.16 percent, and, in 1959, it was 1.73 percent on net railway operating income of \$13,651,000. The carrier estimates that, based upon net railway operating income in 1960 amounting to \$9,654,308, its rate of return would be 1.22 percent which is the lowest rate of return experienced since 1939.

Although the carrier's line between Minneapolis and Tacoma extends primarily through sparsely populated agricultural and range-land areas of the Midwest and Northwest, trains 15 and 16 provide a direct,

transcontinental passenger service between Chicago and the principal cities of the Northwest. It affords one of the most expeditious passenger train services between Chicago and the Northwest, and the route extends through some of the most picturesque mountain and range areas in the Northwest. As the result of extensive publicity, specially designed equipment, and promotional activities of various types, the Olympian Hiawatha trains have become familiar to travelers throughout the United States. The carrier asserts that, notwithstanding its efforts since 1947 to promote the trains, the use being made of them has declined and now the volume of traffic is not sufficient to justify their continued operation.

Protestants assert that in recent years, particularly since the latter part of 1958, the carrier has done little or no advertising of the service provided by the trains, has failed to maintain the equipment adequately, has permitted its service to deteriorate, and has apparently set out on a program to discourage the public from utilizing the trains in order to establish a basis for their discontinuance.

Although the carrier has continued over the years to advertise the service of the trains and to promote the public use thereof, its advertising programs since 1958 have been substantially curtailed and there has been a substantial reduction in the number of promotional activities carried on in connection with the trains. While the record does not justify the conclusion that there was a preconceived plan on the part of the carrier to discourage the public from using the service as the basis for discontinuance of the trains, it appears that the carrier has not, during the past 2 years, exerted its best efforts in promoting traffic on the trains, in retaining good relations with the public served by the trains, in maintaining all of the equipment utilized in a manner commensurate with its previous high standards, and in achieving high morale among the crew members employed on the trains. This probably resulted in some loss of traffic.

The carrier points to the passenger train service afforded by the Northern Pacific and the Great Northern between Chicago and Seattle; to the common carrier service rendered by airlines and bus-lines within the area served by trains 15 and 16; and to the increased travel by private automobiles. It asserts that there no longer is any substantial public need for the service afforded by trains 15 and 16, that there is no reasonable expectation of any substantial increase in the use of the trains, and that it is reasonable to expect that its operating deficits would be increased if it is required to continue their operation.

The carrier recognizes that certain points on its line between Minneapolis and Tacoma would be left without any public transportation if the trains were discontinued, but considers that only a small segment of the public would be affected and that it would be of no substantial

inconvenience for them to be required to utilize automobiles to travel to points where common carrier service would be available.

The Northern Pacific and Great Northern each operate two passenger trains daily in each direction between St. Paul and Seattle. Each train connects at St. Paul with the passenger trains of the Burlington Railroad operating between St. Paul and Chicago. Through this arrangement a through service between Seattle and Chicago is effected. Northern Pacific trains Nos. 25 and 26 (North Coast Limited) and Great Northern trains Nos. 31 and 32 (Empire Builder) are streamlined, transcontinental trains which afford a service that is not only comparable with that provided by the Olympian Hiawatha, but is also competitive insofar as service between Chicago, on the one hand, and west coast points, on the other, is concerned. The following tables show the arrival or departure times of the respective trains at principal points where the service of the trains is competitive:

	Olympian Hiawatha	North Coast Limited	Empire Builder
<i>Westbound</i>			
Leaves Chicago.....	1:00 p.m.	12:10 p.m.	3:00 p.m.
Do.....	8:40 p.m.	7:50 p.m.	10:45 p.m.
Arrives Miles City, Mont.....	7:55 a.m.	7:40 a.m.	-----
Arrives Butte, Mont.....	3:50 p.m.	3:56 p.m.	-----
Arrives Spokane.....	11:59 p.m.	10:38 p.m.	11:15 p.m.
Arrives Seattle.....	7:55 a.m.	7:30 a.m.	7:50 a.m.
<i>Eastbound</i>			
Leaves Seattle.....	3:30 p.m.	1:30 p.m.	3:15 p.m.
Leaves Spokane.....	11:05 p.m.	10:45 p.m.	10:35 p.m.
Arrives Butte, Mont.....	9:05 a.m.	7:45 a.m.	-----
Arrives Miles City, Mont.....	5:10 p.m.	3:48 p.m.	-----
Arrives Minneapolis.....	7:30 a.m.	6:10 a.m.	6:15 a.m.
Leaves Minneapolis.....	7:52 a.m.	6:15 a.m.	6:20 a.m.
Arrives Chicago.....	2:55 p.m.	2:00 p.m.	2:00 p.m.

The Northern Pacific and Great Northern also render service between Seattle and Tacoma but such service is not a part of the through transcontinental schedules set forth above.

In addition to the east-west service provided in South Dakota by the trains in question, the Milwaukee also provides a mixed train service daily, except Sunday, between Aberdeen and Sioux City, Iowa. Although the carrier asserts that these trains connect at Sioux City with other trains of the Milwaukee operating between Sioux City and Chicago, the latest schedules for the trains serving Sioux City show no connecting service at Sioux City for the Aberdeen-Sioux City trains.

The Chicago and North Western Railway Company provides a mixed train service daily, except Sunday, between Sioux City and Oakes, N. Dak., serving certain points in South Dakota, including Aberdeen. It appears, however, that the only passenger service af-

forded on those trains is in the caboose attached thereto. No evidence was presented with respect to the extent to which the public makes use of either of these north-south services.

Most of the area through which the Milwaukee's line extends is traversed by a network of improved, hard-surfaced Federal and State highways, several of which parallel the carrier's line between Minneapolis and Tacoma. While there are several buslines rendering service over some of these highways serving a number of the stations involved herein, Central Greyhound Lines is the only motor common carrier that provides a passenger service that generally parallels the carrier's line the entire distance between Minneapolis and Tacoma. Although Greyhound serves many of the same points served by trains 15 and 16, there are a number of stations on the carrier's line that are not served by Greyhound either through a direct or interchange service. Greyhound provides several schedules daily for transcontinental service between west coast points, on the one hand, and Minneapolis, Chicago, and points beyond, on the other. It also provides several schedules daily in each direction between Minneapolis and Aberdeen, between Spokane and Seattle, and between Tacoma and Seattle.

In recent years there has been a substantial increase in the number of private automobiles registered in the States involved herein and in the number of persons who drive their automobiles to points where common carrier passenger service is available. The carrier alleges that many persons in the areas concerned now drive their automobiles substantial distances to avail themselves of airline service. This service is available at Minneapolis, Willmar, and Benson in Minnesota; Sioux Falls, Aberdeen, Huron, Watertown, Pierre, and Rapid City in South Dakota; Fargo, Bismarck, Dickinson, and Jamestown in North Dakota; Miles City, Billings, Bozeman, Great Falls, Butte, Helena, and Missoula in Montana; and Spokane, Seattle, Pasco, Yakima, and Wenatchee in Washington. Although convenient connecting service is provided by the various airlines at many of the points named, the service at some points is not so coordinated with that provided at other points so as to provide for the convenient and expeditious transportation of passengers moving between some of the points now served by trains 15 and 16. Also, many passengers on the Milwaukee's line wishing to use airline service would be required to travel substantial distances, many in excess of 125 miles, to reach a point where such service was available and, if the service were utilized, the cost would be substantially higher than if the service of the trains were utilized. There has been, however, a substantial increase in recent years in the use being made of the airline service.

Based upon studies of the origins and destinations of the passengers handled by the trains during the period November 1959–October 1960, the carrier asserts that alternative common carrier service is directly available to better than 90 percent of the passengers transported during the period mentioned. The carrier has assumed, however, that each passenger transported during the period actually commenced his journey at the point where he boarded the train and that no travel by private motor vehicle was involved in reaching such origin point. However, a number were required to utilize private automobiles in traveling to or from stations regularly served by the trains and, in many instances, such travel was for substantial distances.

Notwithstanding the carrier's contention that a majority of the communities served by the trains would still have alternative common carrier service directly available to them if the trains were discontinued, the record shows that, of the 236 stations on the line between Minneapolis and Tacoma, there are 118 points at which no other common carrier service is directly available. Between Minneapolis and Aberdeen the station of Milan, Minn., is the only point where no other common carrier service is directly available and it is 15.6 miles away from alternative common carrier service. Between Aberdeen and Miles City there are 33 points on the carrier's line at which alternative common carrier service is not available. In order to reach a point where such service is available, passengers would be required to travel from 6.5 miles to 60 miles, with an average distance of 24.4 miles. There are 38 points on the carrier's line between Miles City and Butte which have no direct common carrier service other than that provided by trains 15 and 16. In order to reach a point where such other service is available, the prospective passenger would be required to travel from 1.5 to 80 miles, or an average of 23.37 miles. Between Butte and St. Maries, Idaho, there are 21 points on the carrier's line where the distances from such stations to points where other common carrier service is available range from 1 to 37.4 miles, with the distances averaging 14.2 miles. Between St. Maries and Spokane there are only two stations on the carrier's line at which other common carrier service is not directly available but passengers would have to travel only 5 to 7 miles to reach a point where service is available. In the area between Spokane and Seattle, there are 22 points on the line where other common carrier service is not available. The distance from such stations to points where such other service is available ranges from 2.4 to 23 miles, the average being 10.4 miles. Black River, Wash., is the only station on the carrier's line between Seattle and Tacoma at which alternative common carrier

service is not directly available and is only 2.4 miles from a point where such service is available.

Many of the communities on the carrier's line, particularly those between Aberdeen and Spokane, depend upon the trains for the delivery of mail. Although a considerable volume of the mail is now delivered by motor vehicle, either by highway post office or star route service, trains 15 and 16 are still utilized by the Post Office Department for the movement of mail to many points on the carrier's line between Minneapolis and Spokane. The record does not indicate that the Post Office Department is dissatisfied with the service rendered by the trains or that it intends to discontinue their use. Neither did the Post Office Department present any evidence as to the manner in which mail handled by the trains would be transported if they are discontinued.

In the event of discontinuance of the trains, all express traffic which they handle would be transported by highway motor vehicle. The Railway Express Agency is providing extensive over-the-highway service in certain areas served by the trains, and its representatives expressed the view that, in all instances, service as satisfactory as that rendered by the trains, and, in some instances, more satisfactory service would be provided on express traffic if the trains should be discontinued.

The Minneapolis Grain Exchange and a food-canning company operating in areas served by the trains appeared in support of discontinuance of the trains. The witnesses for these organizations submit that deficits from passenger train operations have a direct bearing upon the level of the freight rates applicable to commodities they ship and to the ability of the carrier to provide reasonably adequate equipment and service to meet their needs. Their primary interest is the elimination of the burden they feel is imposed upon the freight shipper through higher rates than otherwise would be the case, and their fear that, because of inadequate earnings, the carrier may be unable to provide adequate equipment and service when required.

The Minneapolis Grain Exchange makes no use of the passenger service provided by trains 15 and 16, but makes extensive use of train 16 for the transportation to Minneapolis of grain samples taken from grain cars by the Inspection Service at Aberdeen. In order that the business of the grain exchange properly may be carried on, it is necessary that each shipment of grain to be traded in the Minneapolis market be represented by a sample. At various points west of Minneapolis grain shipments are stopped in transit for sampling and inspection and the samples are then transported

to Minneapolis for grading and use at the exchange. Aberdeen is one of the "hold" points where grain shipments are inspected and sampled.

Trading on the grain exchange continues each week day from 9:30 a.m. to 1:15 p.m. Traders at the exchange prefer to have the grain samples graded and available on the exchange floor at the opening hour but, in any event, the samples must be graded and on the floor before trading closes. Otherwise, a shipment must be held over until the next trading day. In most instances, the shippers of the grain desire the most expeditious movement and sale of their grain possible.

At present the samples taken at Aberdeen are transported by express on train No. 16 which is scheduled to arrive in Minneapolis at 6:35 a.m. and, unless the train is unusually late in arrival, ample time is afforded for the samples to be graded and on the exchange floor the day of their arrival. During 1960, the exchange received 5,214 samples from Aberdeen, the daily receipts from that point ranging from a low of 128 samples to a high of 211.

The grain exchange considers the expeditious and dependable delivery of the grain samples essential to the satisfactory operation of its business. Its representative expressed the view that members of the exchange would be dissatisfied with any transportation service that resulted in the samples regularly arriving in Minneapolis too late to be graded and made available for trading on the day of arrival. In the event train No. 16 were discontinued, the exchange has considered the possibility of using Milwaukee's "time freight" No. 264 for the movement of the grain samples from Aberdeen. This train is scheduled to arrive in Minneapolis at 4:30 a.m. and the exchange considers that it may present an adequate substitute transportation facility. It was suggested that the grain samples, each of which weighs approximately 1 pound, could be placed on the caboose of train 264 and transported under less-than-carload rates. No evidence was presented, however, respecting the assignment of responsibility for placing such shipments on the train and for delivering the samples upon arrival at Minneapolis.

Protestants call attention to the wide variation in the time train 264 has arrived in Minneapolis in the past and to the fact that it often arrives too late for any grain samples that might have moved thereon to be graded and placed on the exchange floor during trading hours. It is their position that this "time freight" cannot be relied upon as an adequate substitute for the service presently provided by train No. 16.

The representative of the grain exchange indicated the possibility of utilizing either air service or over-the-highway railway express

service for transportation of the grain samples but no details were furnished respecting the manner in which such service might be provided. Although the exchange apparently has no concern with the type of transportation service utilized, so long as the samples reach Minneapolis in time to be made available during trading hours on the day of arrival, it would not support the proposal to discontinue the operation of train No. 16 if an adequate alternative means of transportation is not available.

While it would be possible to transport the grain samples from Aberdeen to Minneapolis by means other than train No. 16, it does not appear that any of the alternative services mentioned would be as dependable in meeting the needs of the exchange as that provided by train No. 16.

A number of the representatives of the food canning company mentioned have in the past, and will have occasion in the future, to travel to and from points served by trains 15 and 16 in carrying on company business. In recent months most of their travel has been by air but, whenever travel has been by rail, the services of rail lines other than the Milwaukee have been utilized. It is the view of this company that the service provided by other carriers is adequate to meet the needs of the public and that the continued operation of trains 15 and 16 is not required by public convenience and necessity.

A total of 122 protestants appeared in opposition to the proposed discontinuance. Included were members of the congressional delegation from the State of South Dakota; members of the South Dakota Public Utilities Commission; the mayors of a number of the cities served by the trains, including the cities of Minneapolis, St. Paul, and Tacoma; members or representatives of the city councils of a number of the cities affected by the proposal here considered; representatives of the chambers of commerce and service clubs in various cities along the line between Minneapolis and Tacoma; representatives of hospitals and medical clinics at Aberdeen, S. Dak.; a representative of the Minnesota Twins baseball club; representatives of various businesses and institutions located at points served by the trains; representatives of certain railway labor organizations involved in the proposal under consideration; and a number of individuals having a personal interest in the continued operation of the trains.

The cities of Minneapolis and St. Paul, hereinafter called the Twin Cities, are opposed to discontinuance of the trains, not only because areas of Minnesota, South Dakota, North Dakota, and Montana would be deprived of any form of passenger train service, but also because of the adverse effect it would have upon the economic well-being of the Twin Cities. Since residents of the area west of the Twin Cities

utilize these cities extensively as shopping and entertainment centers and use trains 15 and 16 to a considerable extent in traveling to and from the area, the elimination of the trains would adversely affect the economy of the area. It is the view of the governing bodies of the Twin Cities, that, by reason of recent acquisition of major league baseball and football franchises, the providing of substantial additional facilities in the cities for conventions and large meetings, and the steady economic growth in the area surrounding the Twin Cities, there is justification for the belief that substantially more visitors will come to the Twin Cities than heretofore and that such increase will be reflected by increased use of rail passenger service. Not only do they believe that there has been an existing need in the past for the service provided by trains 15 and 16, but they assert that the need will be even greater in the future. They recognize that existing operating costs might justify modifications in the service provided and they do not suggest that the carrier be required to provide, at a loss, the most exclusive service possible over its line. They do urge, however, that the carrier be required to provide some type of passenger service through those portions of Minnesota, North Dakota, South Dakota and eastern Montana presently served that will be adequate to meet the needs of the public.

The representative of the Minnesota Twins baseball club, in opposing abandonment, referred to the convenient arrival and departure times of trains 15 and 16 at Minneapolis for persons wishing to attend daytime sports events and expressed the view that substantial use would be made of the trains by sports enthusiasts if their operation were continued. The club is relying on all forms of transportation to transport spectators to and from the ball games, and it considers that there is, and will continue to be, a need for the service of these trains between the Twin Cities and the area west of the Twin Cities not served by any other rail carrier.

The citizen groups appearing in protest against the carrier's proposal were from communities and towns located generally in the area west of the Twin Cities and east of, but including, Butte. Represented were 5 communities and towns in Minnesota, 18 in South Dakota, 1 in North Dakota, and 9 in Montana. In addition, there were witnesses from Deer Lodge, Avery, St. Maries, Othello, Spokane, and Tacoma.

Summarized, the citizen-protestants' testimony is to the effect that the areas of Minnesota now traversed by the trains, substantially all of South Dakota, a portion of North Dakota, certain areas of Mon-

tana, particularly the area east of Forsyth, and portions of Idaho, would be left without any passenger train service if trains 15 and 16 were discontinued; that a number of the cities and towns in the areas on or adjacent to the Milwaukee's line, particularly those in South Dakota and the eastern portion of Montana, would be deprived of any form of common carrier passenger service if the proposal here considered were approved; that many of the communities traversed by the Milwaukee line are dependent upon the trains for passenger, mail, and express service; that persons in a number of areas would have to travel substantial distances in order to obtain other common carrier passenger service should trains 15 and 16 be discontinued; that there are periods during winter months when, because of weather conditions, highways are impassable and the trains provide the only transportation service available; that discontinuance of the trains would increase unemployment in a number of areas and would adversely affect the economic well-being of many of the communities served by the trains; that the changes that would be required in the present method of handling mail and express at various points along the line would result in the disruption of a number of star route mail delivery schedules and would deprive certain areas of the expeditious 1-day delivery service of express moving from the Twin Cities; that express shipments to and from many points on the carrier's line would be delayed in delivery if alternative transportation service were utilized; that doctors and hospitals in the South Dakota and Montana areas would be deprived of the overnight or next-day delivery service available to them on emergency orders of serums and drugs moved by mail from Aberdeen and the Twin Cities if the trains were discontinued and highway mail service provided in lieu thereof; that, notwithstanding the sparsely populated area through which the carrier's line extends, there has been substantial use made of the trains for the movement of passengers and express to and from points along the line; that any reduction that may have occurred in the use being made of the trains has been due to the carrier's failure to encourage the public to use the trains, a lack of advertising, a failure to provide service to the public, a failure to maintain the equipment in good condition, discourtesy on the part of employees on the trains, and to general indifference on the part of carrier as to the type of service provided; that the carrier could realize increased revenues from the operation of the trains by improving its service to the public, by promoting travel on the trains, and by evidencing a sincere desire to continue the trains in service; and that, regardless of the present

earnings of the trains, there is an existing public need for their continued operation.

Financial data filed with the South Dakota Public Utilities Commission by the Milwaukee establishes that the carrier is sustaining substantially greater losses per passenger car-mile on its system operations than it is sustaining in the operation of trains 15 and 16. That commission argues, therefore, that any proposal for the discontinuance of passenger service should be in the area where the greater losses occur rather than on the line here considered; also, that it is not proper for the carrier to use system averages in computing its out-of-pocket costs applicable to the trains under consideration. While that commission made no attempt to compute the carrier's costs under the basis mentioned, it does contend that the actual out-of-pocket losses on trains 15 and 16 were substantially less than those claimed by the carrier. The carrier challenged the contentions of the South Dakota commission and submitted data which it contends establishes the propriety of the method used in estimating its out-of-pocket losses. In view of our conclusions herein, however, it is unnecessary to further consider the contention of either party.

Protestants from Tacoma contend that the economic growth within the Tacoma-Seattle area justifies the continuance of all passenger service available therein, and that patronage on trains 15 and 16 could be increased to a satisfactory level if the carrier would provide adequate service to the public and evidence a sincere desire to maintain the service of the trains. They assert that all available media of transportation will be required to meet the transportation needs of visitors expected to attend the International Exposition to be held in Seattle in 1962. However, no appearance was made at the hearing by any official of the exposition and there were no representations made by any official of the State of Washington or the city of Seattle or by a representative of a service club of that State or city in support of the continued operation of the trains.

Time, Inc., a firm engaged in publishing certain magazines, including Life, Time, and House & Home, opposed the discontinuance of train No. 15. Commencing January 1, 1961, this publisher began utilizing that train for the transportation to certain points in the Northwest of its weekly issues of Life and Time magazines. On Monday of each week the train transports, as express, one car of magazines, weighing approximately 50,000 pounds, destined to Spokane and Seattle, of which approximately 2,700 copies, about 2,000 pounds, move to Spokane. Upon arrival at Seattle on Wednesday

morning subscriber copies of the magazines are delivered to the post office for mailing and the newsstand copies are delivered to wholesalers who, in turn, deliver them to newsstands in the areas where they are immediately placed on sale. A second car of 63,000 copies of Life, weighing approximately 55,000 pounds, is moved on Mondays to Seattle by the Milwaukee and from Seattle to Portland, Oreg., by another carrier. Approximately one-half of the magazines in the shipment are delivered to subscribers on Thursday and the remainder on Friday.

On Tuesday of each week the publisher has a carload of express, weighing approximately 55,000 pounds, destined for Seattle and Spokane. At Spokane approximately 22,000 copies of Life are unloaded and the remainder of the shipment moves on to Seattle. The magazines ordinarily are delivered to the subscribers in Washington by Friday of each week.

All subscriber copies moving on the cars mentioned are handled in mailbags and move to Spokane, Seattle, or Portland as express. At these points they are entered in the post office as mail under appropriate postal classifications.

Time, Inc. formerly produced the magazines destined to Washington and Oregon in California and they were distributed by a motor-truck leased to the publisher. By reason of the highly competitive nature of the magazine business, it is of extreme importance that newsstand copies of each publication reach the stands in Washington and Oregon not later than Wednesday of each week and that subscriber copies be placed in the mails not later than Thursday or Friday of each week. The publisher found that, by utilizing train 15 for the transportation of its magazines from Chicago to the Washington and Oregon points mentioned, it would be enabled to meet its delivery requirements and, by producing the magazines in Chicago rather than California, it could realize savings approximating \$330,000 annually. Accordingly, it discontinued production at the California plant and instituted the production and distribution method here described. The publisher has found the service provided by the train to be entirely satisfactory and, if service is continued, it intends to make a slight increase in the express to be transported to the Northwest area. The revenue paid to the Railway Express Agency on the three carloads of express approximates \$4,500 weekly. The Milwaukee receives 87.5 percent of this amount, but it estimates that, on an annual basis and considering the costs that would be involved in moving that traffic and computing the costs applicable thereto on the basis of its system

average costs, it would realize net income therefrom approximating only \$15,000 annually. This estimate appears to be unduly conservative.

The publisher asserts that, by reason of production schedules that cannot be altered, it cannot move its shipments from Chicago on the trains of competing carriers and still obtain delivery when required. Also, that even if it used train 15 for movement of the cars from Chicago to Minneapolis and the cars were then turned over to competing carriers, there would be a 24-hour delay in the movement out of Minneapolis and it still would not obtain delivery at destination in time to meet its requirements. It also asserts that it has been advised by the Railway Express Agency that there is no alternative transportation service available that would provide the service it requires. It contends that, in the event of the discontinuance of train 15, its only alternative will be to produce and distribute the shipments in question in California, thus canceling the savings now being realized from its present arrangements.

The members of the South Dakota congressional delegation uniformly take the position that the needs of the communities served by trains 15 and 16 are such as to require their continued operation. They recognize that the carrier may be sustaining losses in its passenger train operations but expressed the view that any decline in patronage and in earnings was due, in part, to a failure by management to provide proper service to the public, and to lack of a desire by the carrier to continue the service. They concede, however, that management is not solely responsible for the present earnings position of the trains in view of past and present practices of State, county, and municipal governments respecting the imposition of taxes upon the carrier; the failure of the labor organizations involved to make revisions in outmoded and impractical work rules that have a direct bearing upon the cost of operating the trains; and to lack of action by Federal and State agencies in providing appropriate relief to carriers confronted with the problems of passenger train deficits.

They contend that the carrier does not have the right to restrict itself solely to those services in the area involved that are profitable and assert that it must recognize the obligation it assumed when it became a common carrier to perform both passenger and freight service. They suggest that all parties in interest, the carrier, its employees, labor organizations, all governmental agencies involved, and the public, take action in the various ways open to them to improve the services of the trains, reduce operating costs, and increase earnings,

so that the carrier may be enabled to continue to provide the service which, they contend, is so important to the communities involved.

The suggestion was also made that consideration be given to the areas along the line involved where the carrier's service is duplicated by that of other carriers and to the possibility that, by the exchange of equipment at a common point, duplications in service might be eliminated, the operating costs of the respective railroads might be reduced, and, at the same time, the public would be assured of receiving adequate and convenient transportation service throughout the area under consideration.

In addition to the evidence presented by the South Dakota congressional delegation, a statement by the United States Senators from Montana in opposition to the discontinuance proposed was read into the record. The position of the Senators is generally in support of that taken by citizen protestants from Montana who appeared at the hearing.

The employee labor organizations involved are concerned with the large number of employees engaged in the operation of trains 15 and 16 who might be adversely affected by their discontinuance. They point to the unemployment in certain areas along the carrier's line and contend that discontinuance of the trains will result in additional unemployment. They refer to the carrier's obligation under the employees health association plan to provide free transportation to Seattle for medical treatment and assert that, if trains 15 and 16 are discontinued, this transportation service will no longer be provided.

There are a total of 383 employees of the carrier who are directly affected by the proposal here considered. In addition, there are 41 pullman employees, 18 post office employees, 7 Railway Express Agency employees, and 15 employees performing work at joint facilities who might be adversely affected if the trains are discontinued. It seems apparent that elimination of the only remaining passenger trains operated by the carrier in the area involved would result in substantial changes in job assignments and might result in some employees being furloughed or placed on the extra board. However, in view of the variation which exists among the various crafts as to the manner in which retirement benefits, seniority rights, and other rules applicable to employment might be applied, it is not possible, on the record presented, to measure the actual adverse effect which discontinuance of the trains would have upon the employees.

The brotherhoods request that, in the event we do not order operation of the trains continued, appropriate employee-protection condi-

tions be imposed upon the carrier. We have considered similar requests in previous proceedings of the type here considered and have uniformly held that we do not have authority under section 13a(1) to impose terms and conditions upon a carrier for the protection of the interests of railway employees adversely affected by the discontinuance of passenger train service. We have also held, however, that consideration should be given to the probable effect which discontinuance of the service would have upon employees in determining whether or not operation of the trains is required by the public convenience and necessity. See *Great Northern Ry. Co. Discontinuance of Service*, 307 I.C.C. 59. A similar conclusion is warranted here.

GENERAL DISCUSSION

The carrier has sustained substantial losses in the operation of the trains here considered, and such losses have had an adverse effect upon its system earnings. While these losses may be reduced somewhat by increasing the traffic handled by the trains, it is evident that the carrier would continue to sustain substantial losses if operations were continued over the entire run between Minneapolis and Tacoma. As we have stated in prior reports " * * * a railroad cannot continue operation at a loss indefinitely, and when * * * such losses are substantial, they are bound to adversely affect interstate and foreign commerce. If continued long enough they would result eventually in the carrier's becoming insolvent." *Lehigh V. R. Co. Discontinuance of Passenger Operations*, 307 I.C.C. 239, 254. The questions here presented, however, are whether the burden imposed upon interstate or foreign commerce by continued operation of trains 15 and 16 is undue, and, if so, whether it would be eliminated or substantially reduced by the discontinuance proposed. Also involved is the question of whether the public need for the service in question outweighs the burden that continued operation would impose upon interstate or foreign commerce.

The carrier should be accorded some relief from the losses incurred in providing the service, but it is doubtful that elimination of the trains west of Minneapolis is a solution to the problem. While discontinuance of the trains would eliminate most of the operating expenses involved in providing the service between Minneapolis and Tacoma and result in certain other savings, the carrier would lose all revenues accruing from passengers handled over the line, a majority of which are through passengers traveling between Minneapolis and points beyond, on the one hand, and Northwest coastal points, on the other, and would doubtless lose considerable revenues presently

accruing to the system from passengers handled on its other trains between Minneapolis and Chicago. Complete elimination of the trains might result in the carrier realizing only slight relief instead of the substantial savings anticipated, as a result of which the burden on interstate or foreign commerce would not be alleviated to any substantial degree. Furthermore, it would deny to certain areas a service which the record shows is required by public convenience and necessity.

Although there are certain areas west of Butte, Mont., that are served exclusively by trains 15 and 16, most points therein are either served directly by the Northern Pacific or the Great Northern, or by both, or are only relatively short distances from points where common carrier passenger service other than that of the Milwaukee is available. Only slight use is being made by the public in traveling over the carrier's line between points in the area west of Butte, and, other than Tacoma, the larger cities located therein evidenced no interest in the continued operation of the trains. Not only does the service provided by the Northern Pacific generally duplicate that of the Milwaukee west of Butte, but its service, and that of the Great Northern, is directly competitive with that of the Milwaukee on transcontinental passengers moving between Chicago and Northwest coastal points, and all three lines provide convenient and expeditious service over their respective lines. On the basis of the evidence presented, it cannot be said that the public convenience and necessity require the continued operation of the trains in the area west of Butte. It is recognized that, to permit the trains to be discontinued in that area, the interests of certain of the carrier's employees may be adversely affected. In the absence of a showing of a public need for the service, however, we are not authorized to require operations conducted merely to continue employment of the carrier's employees.

With respect to the area between Minneapolis and Butte, however, a different conclusion is justified. There is an existing and continuing need for the service in that area. A number of points therein would be deprived of any form of common carrier passenger service if the trains were discontinued and, considering the sparsely populated areas involved, the use that has been made of the trains has been fairly substantial. To permit the trains to be discontinued in the area east of Butte would deprive the public of any form of passenger train service throughout most of this vast area and would make it inconvenient for many travelers therein to obtain adequate common carrier passenger service. It would also deprive the public of expeditious and

convenient express and mail service and would have an adverse effect upon the economic well-being of many of the communities involved.

By retaining the service between Minneapolis and Butte, the public would be provided with a convenient means of traveling to, from, or between Butte and Minneapolis and intermediate points, and would also be afforded a connecting service at Minneapolis whereby they could travel to or from Chicago and points beyond. As herein shown, both the westbound Olympian Hiawatha and the North Coast Limited are scheduled to arrive at Miles City and Butte at approximately the same time. By a slight adjustment in its schedule, the Milwaukee's westbound train could make connection with the westbound North Coast Limited at either Miles City or Butte, thereby providing a convenient and expeditious service for persons traveling between west coast points, on the one hand, and points between Butte and Minneapolis, on the other. The Milwaukee also should experience no difficulty in coordinating its eastbound operations from Butte so that convenient connections could be made at either Butte or Miles City with the Northern Pacific's eastbound North Coast Limited. It would appear that arrangements readily might be made for the two carriers to exchange passenger carrying equipment at either Miles City or Butte so that a through-car service may be provided to and from west coast points.

By retaining the service in the area mentioned, the grain exchange would be assured of the expeditious delivery of its grain samples from Aberdeen, and Time, Inc., might be provided with the type of service it requires to the west coast. The magazines could continue to move out of Chicago on train No. 15 and be transported by the Milwaukee to Miles City or Butte where arrangements could be made for the cars to be placed on the Northern Pacific's North Coast Limited for delivery at Seattle and Spokane. Under such arrangement the Milwaukee would not sustain a complete loss of this express traffic and would derive revenues which would be lost if the trains were discontinued.

Under the arrangement described, the carrier would not only realize savings resulting from the elimination of the service west of Butte, but also might realize savings in its operating expenses east of Butte made possible by the elimination of the service west thereof, such as a reduction in dining car and other services. Also, the carrier would continue to enjoy the rather substantial volume of through traffic moving between Chicago and points east of Butte, which traffic otherwise would be lost. With the extensive railroad facilities presently available at Butte, the carrier should experience little difficulty in

providing the necessary "turn around" facilities at that point, and, although there is no certainty that the service would be profitable if restricted in the manner indicated, there is the possibility that, with the earnings to be realized from the operation to be continued and the savings that would be realized from the elimination of the service west of Butte, the carrier, at least, might be enabled to perform the service with little, if any, out-of-pocket loss.

In view of the circumstances, we believe that continued operation by the carrier of the trains between Butte and Minneapolis for 1 year would not impose an undue burden on interstate commerce. In continuing such service for this period we are not unaware, however, of the necessity of the carrier to exert its best efforts to encourage patronage on the trains, and of a need for the public to demonstrate in a concrete manner, by its patronage of these trains, the extent to which it considers such service to be required by public convenience and necessity; also, of the need for positive action in according to the carrier relief from conditions which have created the operating losses in the past. The public should be aware that if, during the 1-year period mentioned, the carrier continues to experience reduced earnings from the trains and to realize substantial losses from their operation, it may become necessary to authorize the complete discontinuance of the trains.

Contentions of the parties and requested findings on matters of either law or fact not specifically discussed herein have been given consideration and found without material significance or not justified.

FINDINGS

We find that the operation by the Chicago, Milwaukee, St. Paul and Pacific Railroad Company of its passenger trains Nos. 15 and 16 between Butte, Mont., and Tacoma, Wash., is not required by public convenience and necessity and that continued operation thereof will unduly burden interstate commerce.

We further find that the continued operation by said railroad of its passenger trains Nos. 15 and 16 between Minneapolis, Minn., and Butte, Mont., is required by public convenience and necessity and will not unduly burden interstate commerce.

An appropriate order will be entered requiring the carrier to continue the operation of the trains specified between the points named for a period of 1 year from the date hereof. Said order will also discontinue the investigation herein.

APPENDIX A

Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Schedule of Trains No. 15 and 16 between Minneapolis, Minn., and Tacoma, Wash.

Read down No. 15 Daily		Read up No. 16 Daily	1960 popu- lation
8:15 p.m.	Ar. Minneapolis, Minn. (c.s.t.)	Lv. 7:30 a.m.	477,884
8:40 p.m.	Lv. Minneapolis	Ar. 6:35 a.m.	
10:53 p.m.	Lv. Montevideo	Lv. 4:05 a.m.	5,660
11:32 p.m.	Lv. Ortonville, Minn.	Lv. 3:18 a.m.	2,651
11:50 p.m.	Lv. Milbank, S. Dak.	Lv. 3:05 a.m.	3,500
12:37 a.m.	Lv. Webster	Lv. 2:20 a.m.	2,409
1:45 a.m.	Ar. Aberdeen	Lv. 1:25 a.m.	23,073
2:00 a.m.	Lv. Aberdeen	Ar. 1:05 a.m.	
3:35 a.m.	Lv. Mobridge (c.s.t.)	Lv. 11:35 p.m.	4,391
2:35 a.m.	Lv. Mobridge (m.s.t.)	Ar. 10:35 p.m.	
4:05 a.m.	Lv. Lemmon, S. Dak.	Lv. 8:53 p.m.	2,412
4:35 a.m.	Lv. Hettinger, N. Dak.	Lv. 8:27 p.m.	1,769
5:15 a.m.	Lv. Bowman	Lv. 7:44 p.m.	1,730
5:50 a.m.	Lv. Marmarth, N. Dak.	Lv. 7:17 p.m.	319
6:18 a.m.	Lv. Baker, Mont.	Lv. 6:54 p.m.	2,365
(2) a.m.	Lv. Terry	Lv. (2) p.m.	1,140
7:55 a.m.	Ar. Miles City	Lv. 5:20 p.m.	9,065
8:05 a.m.	Lv. Miles City	Ar. 5:10 p.m.	
(2) a.m.	Lv. Forsyth	Lv. (2)	2,032
10:17 a.m.	Ar. Roundup	Lv. 2:55 p.m.	2,842
(1)	Ar. Lewistown	Lv. (1)	7,354
(1)	Ar. Moore	Lv. (1)	224
(1)	Ar. Great Falls	Lv. (1)	55,246
10:17 a.m.	Lv. Roundup	Ar. 2:55 p.m.	
(3)	Lv. Lavinia	Lv. (3)	212
(3)	Lv. Ryegate	Lv. (3)	314
(3)	Lv. Barber	Lv. (3)	35
(3)	Lv. Shawmut#	Lv. (3)	65
11:25 a.m.	Ar. Harlowton	Lv. 1:50 p.m.	1,734
11:30 a.m.	Lv. Harlowton	Ar. 1:45 p.m.	
(3)	Lv. Two Dot	Lv. (3)	65
(3)	Lv. Martinsdale	Lv. (3)	150
12:35 p.m.	Lv. Ringling	Lv. 12:14 p.m.	65
1:57 p.m.	Ar. Three Forks	Lv. 10:48 a.m.	1,161
(8)	Ar. Gallatin Gateway	Lv. (8)	100
(8)	Lv. Gallatin Gateway	Ar. (8)	
1:57 p.m.	Lv. Three Forks	Ar. 10:48 a.m.	
3:20 p.m.	Ar. Butte	Lv. 9:05 a.m.	27,877
3:50 p.m.	Lv. Butte	Ar. 9:05 a.m.	
4:45 p.m.	Ar. Deer Lodge	Lv. 8:15 a.m.	4,681
4:55 p.m.	Lv. Deer Lodge	Ar. 8:05 a.m.	
(4)	Lv. Drummond	Lv. (4)	577
6:20 p.m.	Lv. Missoula	Lv. 6:33 a.m.	27,090
(5)	Lv. Alberton, Mont.#	Lv. (5)	356
7:29 p.m.	Lv. Superior	Lv. 5:18 a.m.	1,242
(7)	Lv. St. Regis#	Lv. (7)	600
(7)	Lv. Hangan, Mont.	Lv. (7)	100
9:40 p.m.	Ar. Avery, Idaho (m.s.t.)	Lv. 3:20 a.m.	380
8:45 p.m.	Lv. Avery, Idaho (p.s.t.)	Ar. 2:15 a.m.	
10:05 p.m.	Lv. St. Maries, Idaho	Lv. 12:51 a.m.	2,397
11:59 p.m.	Ar. Spokane, Wash.	Lv. 11:05 p.m.	180,882
12:10 a.m.	Lv. Spokane	Ar. 10:55 p.m.	
2:25 a.m.	Ar. Othello	Lv. 8:25 p.m.	2,061
2:36 a.m.	Lv. Othello	Ar. 8:20 p.m.	
4:31 a.m.	Lv. Ellensburg	Lv. 6:27 p.m.	8,575
5:08 a.m.	Lv. Cle Elum	Lv. 5:53 p.m.	1,804
7:06 a.m.	Lv. Renton	Lv. 3:53 p.m.	16,836
7:55 a.m.	Ar. Seattle	Lv. 3:30 p.m.	551,539
8:05 a.m.	Lv. Seattle	Ar. 3:15 p.m.	
(6) 8:30 a.m.	Lv. Auburn	Lv. 2:40 p.m.	11,851
9:00 a.m.	Ar. Tacoma, Wash. (p.s.t.)	Lv. 2:15 p.m.	147,023

Reference marks:

#Nonagency station.

f Stops on signal to take or leave revenue passengers.

(1) Rail tickets from points east of Roundup destined to or from Great Falls, Moore, and Lewistown will be honored on Northland Greyhound Lines from or to Roundup. Baggage from the east should not be checked beyond Roundup.

(2) Rail tickets to Terry or Forsyth will be honored to Miles City, thence via bus to destination.

(3) Rail tickets destined to Lavinia, Ryegate, Barber, Shawmut, Two Dot, and Martinsdale will be honored to Harlowton, thence via bus to destination.

(4) Rail tickets to Drummond will be honored to either Missoula or Butte according to direction in which they read, thence via bus to destination.

(5) Rail tickets destined to Alberton will be honored in the direction in which they read to either Missoula or Superior, thence via bus to destination.

(6) Stops to leave or take revenue passengers from or for Spokane or beyond.

(7) Rail tickets to St. Regis or Hangan will be honored to Missoula, thence via bus to destination.

(8) During Yellowstone Park season only.

APPENDIX B

Pattern of movement of westbound passengers on train No. 15 during period November 1958–October 1959

Total passengers transported	57,994
Passengers originating at points south and east of Minneapolis (approx. 36.5 percent of total passengers transported)	21,312
Passengers from points south and east of Minneapolis destined to:	
Miles City, Mont. or points east thereof	6,585
Points between Miles City and Butte, Mont., including Butte	1,807
Points between Butte and St. Maries, Idaho, including St. Maries	929
Spokane or points west thereof	11,991
Passengers originating at Minneapolis (approx. 26 percent of total passengers transported)	15,287
Passengers originating at Minneapolis destined to:	
Miles City or points east thereof	10,638
Points between Miles City and Butte, including Butte	961
Points between Butte and St. Maries, including St. Maries	398
Spokane or points west thereof	3,290
Passengers originating between Minneapolis and Miles City, not including either point (approx. 18 percent of total passengers transported)	10,399
Passengers originating between Minneapolis and Miles City destined to:	
Points between those cities, including Miles City	2,813
Points between Miles City and Butte, including Butte	1,630
Points between Butte and St. Maries, including St. Maries	434
Spokane or points west thereof	5,522
Passengers originating between Miles City and Butte, including Miles City (approx. 4.5 percent of total passengers transported)	2,559
Passengers originating between Miles City and Butte destined to:	
Butte or points east thereof	960
Points between Butte and St. Maries, including St. Maries	534
Spokane or points west thereof	1,065
Passengers originating between Butte and St. Maries, including Butte (approx. 6 percent of total passengers transported)	3,512
Passengers originating between Butte and St. Maries, including Butte, destined to:	
Points between those cities, including St. Maries	975
Spokane or points west thereof	2,537
Passengers originating between Spokane and Tacoma destined to points between those cities (approx. 9 percent of total passengers transported)	4,925
317 I.C.C.	

APPENDIX C

Pattern of movement of eastbound passengers on train No. 16 during period
November 1958–October 1959

Total passengers transported.....	59,895
Passengers originating between Tacoma and Spokane, inclusive (approx. 51.5 percent of total).....	31,397
Passengers originating between St. Maries, Idaho, and Butte, Mont., not including Butte (approx. 6 percent of total).....	3,143
Passengers originating at Butte, Mont. (approx. 4 percent of total).....	2,597
Passengers originating between Three Forks and Miles City, Mont., inclusive (approx. 9 percent of total).....	5,014
Passengers originating between Terry, Mont., and Minneapolis, including Terry (approx. 29.5 percent of total).....	17,744
Passengers originating between Tacoma and Spokane destined to:	
Spokane or points west thereof.....	5,692
St. Maries and points between St. Maries and Butte, but not including Butte.....	2,318
Butte, Mont.....	1,120
Three Forks, Miles City, or points in between.....	1,071
Points between Terry and Minneapolis, including Terry but excluding Minneapolis.....	5,387
Minneapolis.....	3,878
Points beyond Minneapolis.....	11,931
Passengers originating between St. Maries and Butte (inclusive) and destined to:	
Points between those cities but not including Butte.....	592
Butte, Mont.....	328
Points between Butte and Miles City, not including Butte.....	781
Points east of Miles City and west of Minneapolis.....	1,313
Minneapolis.....	816
Points beyond Minneapolis.....	1,715
Passengers originating between Three Forks and Miles City (inclusive) destined to:	
Points between those cities.....	493
Points east of Miles City and west of Minneapolis.....	1,979
To Minneapolis.....	1,089
Points beyond Minneapolis.....	1,453
Passengers originating at points east of Miles City and destined to:	
Points east of Miles City and west of Minneapolis.....	2,232
To Minneapolis.....	9,087
Points beyond Minneapolis.....	6,425

317 I.C.C.

APPENDIX D

Chicago, Milwaukee, St. Paul and Pacific Railroad Company
Finance and Accounting Department

Statement showing revenues, expenses (out-of-pocket) in connection with the operation of trains Nos. 15 and 16 between Minneapolis, Minn., and Tacoma, Wash., for the 12 months November 1, 1958, to October 31, 1959, and November 1, 1959, to October 31, 1960

Line No.	Item	Nov. 1, 1958, to Oct. 31, 1959 12 months	Nov. 1, 1959, to Oct. 31, 1960 12 months
1	Revenues:		
2	Passenger.....	\$2,278,462	\$2,153,350
3	Mail.....	435,717	446,040
4	Express.....	261,139	276,193
5	Dining and buffet.....	299,882	264,187
6	Milk.....	15,150	11,629
7	Transportation of remains.....	13,145	13,698
8	Newspapers.....	6,452	9,345
9	Total revenues.....	3,309,947	3,174,442
10	Expenses:		
11	Out-of-pocket (includes vacation pay and health insurance):		
12	Wages of conductors, brakemen, and baggagemen.....	635,760	652,291
13	Wages of engineers and firemen.....	542,085	557,951
14	Wages of coach porters.....	46,954	49,697
15	Diesel locomotive fuel.....	509,311	490,508
16	Electricity for electric locomotives.....	1,992	182
17	Diesel locomotive repairs.....	721,642	766,564
18	Electric locomotive repairs.....	1,466	251
19	Passenger train car repairs.....	570,777	568,326
20	Train supplies and expenses.....	388,922	387,252
21	Lubricants for train locomotives.....	60,797	63,884
22	Other supplies for train locomotives.....	10,251	10,771
23	Water for train locomotives.....	4,879	4,842
24	Enginehouse expenses.....	74,229	77,999
25	Pullman net expense.....	256,797	334,056
26	Dining and buffet service.....	551,667	555,454
27	Depreciation on equipment.....	224,520	224,520
28	Joint facility expenses.....	370,314	395,758
29	Claims paid account operation of trains 15-16.....	33,077	47,718
30	Other out-of-pocket expenses.....	347,282	346,331
31	Total out-of-pocket expenses.....	5,352,722	5,534,355
32	Taxes:		
33	Payroll.....	209,104	236,726
34	Minnesota gross earnings.....	14,877	14,378
35	State of Washington—business and utility.....	2,021	2,021
36	Foreign and private car rental.....	5,403	6,541
37	Total out-of-pocket expenses, taxes, and car rental.....	5,684,127	5,794,021
38	Net loss based upon out-of-pocket expenses.....	2,274,180	2,619,579

317 I.C.C.