FINANCE DOCKET NO. 25827

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY DISCONTINUANCE OF TRAINS NOS. 2 AND 3 BETWEEN CHICAGO, ILL., AND MINNEAPOLIS, MINN.

Decided January 16, 1970

Upon investigation found that continued operation by the Chicago, Milwaukee, St. Paul and Pacific Railroad Company of its passenger trains Nos. 2 and 3 between Chicago, Ill., and Minneapolis, Minn., is not required by public convenience and necessity, and will unduly burden interstate or foreign commerce. Investigation discontinued.

Raymond K. Merrill, Joseph J. Nagle, Stuart W. Rider, Jr., Richard R. Robinson, and *Edwin O. Schiewe* for Chicago, Milwaukee, St. Paul and Pacific Railroad Company.

The following appeared as protestants:

Peter A. Fasseas for Attorney General of Illinois, Illinois Commerce Commission and people of Illinois.

Bernard Rane for city of Chicago.

William E. Torkelson, Glen L. Derge, and *William R. Brumfield* for Wisconsin Public Service Commission.

William T. Lewis and *Dr. John W. Fuller* for Wisconsin State Department of Transportation.

Harold E. Gawlik for Metropolitan Milwaukee Association of Commerce.

John J. Fleming and *Harry G. Slater* for city of Milwaukee, Wis.

John W. Flanagan for city of La Crosse, Wis.

Charles J. Drury for city of Portage, Wis.

George M. Robertson for city of Winona, Minn.

Norton M. Hatlie and *Lloyd Wandtke* for Minnesota Public Service Commission and State of Minnesota.

Arvid M. Falk for city of Minneapolis, Minn.

Daniel A. Klas for city of St. Paul, Minn.

Robert Smyth and *Jack W. Wilson* for Northern Engraving Company.

Joseph E. Ludden for individual protestants.

E. E. Berglund, Gordon E. Cox, Thomas J. Duggan, Dwight L. Hoppe, E. W. Mann, Earl G. Quinn, Maurice F. Radrizzi, Roger J. Reinhold, Keith E. Roberts, Ken Schricker, George Patrick Sheahan, and *Robert B. Wright* for railway labor organizations.

REPORT OF THE COMMISSION

DIVISION 3, COMMISSIONERS TUGGLE, DEASON, AND HARDIN

HARDIN, *Commissioner:*

On August 22, 1969, the Chicago, Milwaukee, St. Paul and Pacific Railroad Company (the Milwaukee), a common carrier by railroad subject to the provisions of part I of the Interstate Commerce Act, filed a notice and supporting statement with the Commission under section 13a(1) of the act proposing to discontinue, on September 22, 1969, the operation of its daily passenger trains Nos. 2 and 3 (the Afternoon Hiawathas), between Chicago, Ill., and Minneapolis, Minn., a distance of 421 miles. Copies of the notice were served and posted in the manner required by the statute and the regulations of the Commission.

Upon consideration of petitions and letters of protest filed on behalf of individuals, associations, railway employees, universities, regulatory commissions of the affected States and others, an investigation of the proposed discontinuance was instituted by order dated September 10, 1969. The order requires continued operation of the trains for a period not exceeding 4 months beyond the date the discontinuance would have become effective unless otherwise ordered.

Because of the statutory limitation upon the time available for investigation and decision, the order provided for the omission of a report and recommended order by the hearing examiner and for certification of the record to us for initial decision. Hearings were held at Chicago, Ill., Milwaukee, Madison, and La Crosse, Wis., and St. Paul, Minn., between November 3 and 12, 1969. Briefs have been filed.

Description of train operations and stations served.—Train No. 2, operating southbound, departs Minneapolis at 12:15 p.m. and arrives in Chicago in the evening of the same day at 7:55. Northbound train No. 3 departs Chicago at 12:35 p.m. and arrives that evening in Minneapolis at 8:20. The Milwaukee interchanges passengers with 15 railroads at Chicago; 1 at Milwaukee; 1 at La Crosse; 1 at Winona Junction, Wis.; 3 at St. Paul; and 3 at Minneapolis. The Milwaukee states that it has no knowledge as to what extent, if any, passengers are, in fact, interchanged between trains Nos. 2 and 3 and the various railroads at these points. The points and communities served by the Milwaukee and the populations thereof and the rail mileages between the points are set forth in appendix A hereto.

Train No 2, departing Minneapolis, makes four scheduled stops in Minnesota, six scheduled stops and one conditional stop in Wisconsin, and a conditional stop in Illinois. Train No. 3, departing Chicago, has one conditional stop in Illinois, six scheduled stops in Wisconsin, and three scheduled and one conditional stop in Minnesota. The equipment consist of each of these trains generally includes two or three diesel locomotives, one baggage car, four or more reclining seat coaches, a super dome car with lounge providing beverage service, a dining car serving a la carte and table d'hote meals, and a sky top lounge car with drawing room. All passenger carrying equipment is air conditioned.

In addition to trains Nos. 2 and 3, the carrier operates daily trains Nos. 5 and 6 (the Morning Hiawathas), between Chicago and Minneapolis. Train No. 5 departs Chicago 10:30 a.m. making a conditional stop at Glenview, Ill., to take on revenue passengers for Milwaukee or beyond, 10 scheduled and 1 flag stop in Wisconsin and 6 regular stops in Minnesota, arriving at Minneapolis 7:20 p.m. the same day. Train No. 6 departing Minneapolis at 7:30 a.m., makes three scheduled stops in Minnesota, eight scheduled stops in Wisconsin, and a conditional stop at Glenview, arriving at Chicago at 3:10 p.m. the same day. The equipment on the Morning Hiawathas includes a sky top lounge drawing room parlor car, a buffeteria dining car (economy meals), a super dome car with cafe lounge (beverage service), and reclining seat lounge coaches.

Between the same termini the carrier also operates daily trains Nos. 1 and 4 (the Pioneer Limiteds). Train No. 1 departs from Chicago at 10:30 p.m., making a conditional stop at Glenview, six scheduled stops and five conditional stops in Wisconsin, and three scheduled and two conditional stops in Minnesota, arriving at Minneapolis the next morning at 8. Train No. 4 departs from Minneapolis 10:40 p.m., making three scheduled and two conditional stops in Minnesota, four scheduled and three conditional stops in Wisconsin, and a conditional stop at Glenview, arriving at Chicago the following morning at 7:45.

In addition, the Milwaukee operates train No. 56 (the Fast Mail), departing Minneapolis 7:25 p.m. and making four scheduled

stops in Minnesota, six scheduled stops and one conditional stop in Wisconsin, and a conditional stop at Glenview, arriving in Chicago the next morning at 5.

The Milwaukee frankly and proudly admits that the subject trains are the most superior trains it operates, both in facilities and service. By way of comparison, it is noted that the Afternoon Hiawathas offer dining car service with a la carte and table d'hote meals while the Morning Hiawathas offer only a buffeteria dining car with economy meals. Trains Nos. 1 and 4, the Pioneer Limiteds, are overnight trains and thus their consist includes pullman sleeping cars (duplex roomettes, roomettes, and double bedrooms), dining car service (a la carte or club breakfast, buffet service and beverages), and reclining seat lounge coaches. The Fast Mail, train No. 56, carries a reclining seat lounge coach. Between Chicago and Milwaukee, the carrier operates a total of six northbound and seven southbound passenger trains, including all of the aforementioned trains.

Other services.—The Chicago, Burlington & Quincy Railroad Company (Burlington) operates five daily trains between Chicago and Minneapolis, serving the intermediate points of La Crosse, Winona, and St. Paul, but none of the other intermediate points served by the subject trains. It is noted in this connection that the proposed discontinuance of Burlington's trains Nos. 51 and 52 is, at present, the subject of a Commission investigation in Finance Docket No. 25929.

The carrier contends that the proposed discontinuance of trains Nos. 2 and 3 can be accomplished with relatively slight effect on passenger needs because of the abundance of alternate transportation available in the form of other railroad service, regularly scheduled commercial airline flights, numerous scheduled bus operations or travel by private auto over good local, State, and interstate highways. In this connection, appendix B hereto contains a summary of other common carrier passenger service rendered to points served by the involved trains or available in the immediate area. We do not deem it necessary to set forth here the respective schedules of the various carriers appearing in that appendix, but suffice to say that there is an abundance of alternate common carrier service available by the same or different modes.

Use of the train service.—Based upon actual counts of passengers and actual receipts of revenues, the Milwaukee determined the number of passengers entraining and detraining from the subject trains and the revenues produced by those passengers. A series of appendixes hereto set forth the pertinent data with respect to the counts made.

Appendix C shows the points between which passengers were carried on train No. 3, operating from Chicago to Minneapolis for the 12-month period January 1968 through December 1968. Its companion, appendix D, shows the points between which passengers were carried in the opposite direction on train No. 2 during the same period. It is noted that train No. 3 carried an average of 289.7 passengers per trip and that train No. 2 carried an average of 337.1 passengers per trip during the period covered. Appendixes E and F show like data for these trains for the 8-month period January through August 1969. According to this tabulation, train No. 3 averaged 258.4 passengers per day during the report period, while train No. 2 averaged 316.4 passengers per day. The foregoing compilations reveal, among other things, that in the 1968 period an average of 67.8 passengers entrained on train No. 3 at Milwaukee for destinations on the line to Minneapolis. They also show, with respect to train No. 2, averages of 40.2 passengers entraining at New Lisbon, Wis., 36 passengers entraining at La Crosse, and 53.2 passengers entraining at Milwaukee for points along the line to Chicago.

According to appendix E, covering the 8-month period in 1969, 119.4 passengers boarded train No. 3 at Chicago for points along the line in the direction of Minneapolis. It also shows 26.1 passengers entraining at Glenview, and 13.2 passengers entraining at Columbus, Wis., destined for such points. As to train No. 2, appendix F shows that during the same period 34.3 passengers entrained at La Crosse, and 39 passengers entrained at New Lisbon for points along the line in the direction of Chicago.

Revenue passenger statistics for the subject trains covering the years 1967, 1968, and the period January 1 through August 31, 1969, are set forth in appendix G in consolidated figures. These show some decline in the patronage of the two trains. According to this tabulation, 250,317 passengers used these trains in 1967, 229,468 in 1968, and 139,675 during the 1969 partial-year period. Comparing the 1969 partial-year figures with those of a comparable period in 1968, the Milwaukee contends that this shows a decrease of some 13 percent in actual passengers handled and a decrease in passenger revenues of some 7 percent. It also

shows that for the year 1968 special passenger group movements totaled 18,710 persons or 8 percent of all passengers carried on the trains. During the 1969 partial-year period, 14,133 persons moved in such groups or approximately 10 percent of all the trains' passengers carried during that period.

Appendix H hereto is an "on-off" count of revenue passengers for the period January 1 to August 31, 1968, compared with a like period in 1969. This tabulation indicates that during the 1969 period passenger patronage on train No. 3 declined some 15 percent and that on train No. 2 it declined some 11 percent for an overall average of 13 percent.

The following data, also submitted by the carrier, show, by days of the week, the number of revenue passengers carried on trains Nos. 2 and 3 for the period January 1 through August 31, 1969:

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				Train No. 2			
Total-----	17,550	8,897	7,647	8,979	10,716	14,081	9,223
Average---	501	256	225	257	306	402	264
				Train No. 3			
Total-----	14,569	7,327	6,007	6,856	7,745	10,562	9,717
Average---	416	216	177	196	321	302	278

These figures indicate that the trains are most heavily utilized on Sundays, Mondays, Thursdays, and Fridays, and that the patronage on other days is also substantial. Other revenue passenger statistics for the two trains for the years 1967, 1968, and the first 8 months of 1969 are set forth in appendix I hereto. Only the consolidated figures are shown. This compilation shows that the average number of passengers per trip declined, on an on-train basis, from 344 in 1967 to 287 in the first 8 months of 1969, and that, on a mileage basis, the decline was from 165 to 132 passengers. The average number of miles traveled per passenger declined from 202 in 1967 to 193 in the 1969 partial-year period. The revenue figures show that the trains generated an average of $1,804 per trip in 1967, $1,748 per trip in 1968, and $1,659 per trip in the first 8 months of 1969. Average revenue per train-mile declined from $4.29 in 1967, to $4.16 in 1968, to $3.96 in the 1969 8-month period.

Financial results.—The financial results of the trains' operations in 1967, 1968, and the first 8 months of 1969, as submitted by the carrier, are set forth in appendix J hereto. Except for the elimination of express revenues from the partial-year period, revenues include passenger, line-haul storage mail, terminal storage mail, express, dining and buffet car service, parlor car service, newspaper service, and the transportation of remains. According to the carrier's data, the subject trains had, during the respective periods covered, revenues of $1,787,766, $1,818,-492, and $1,049,200 and out-of-pocket expenses, including payroll taxes and the Minnesota gross earning tax, of $2,167,416, $2,254,-998, and $1,414,783, resulting in claimed out-of-pocket losses of $379,650 in 1967, $436,506 in 1968, and $365,583 in the 1969 partial-year period. During these periods passenger revenues alone amounted to $1,313,257, $1,285,089, and $806,180, respectively. During the same periods revenues from the other aforementioned services (except express in 1969) totaled, respectively, $474,509, $533,403, and $247,020. Although the total revenues from these other services showed a substantial increase in 1968 over 1967, this was due to an increase of over $100,000 in revenues from express service in 1968, the use of which service was discontinued by Railway Express Agency (REA) on January 1, 1969. This express traffic is now being moved by another rail carrier and is therefore lost to these trains. Revenues from such other sources, other than express, showed declines in 1968 as compared with 1967, several of which were relatively modest.

Passenger revenues were determined by an analysis of the actual tickets collected by the conductor or honored but not collected, including cash fares collected by conductors. Tickets were then priced out at actual tariff fares. Tickets for passengers from beyond or to beyond the train run were given a mileage pro rate applicable to the distance carried on the subject trains between Chicago and Minneapolis. Mail revenue represents actual payments received from the United States Post Office Department for use of space on these trains plus the mail handling charges at terminals. Express revenue is the remuneration received from REA for the transportation of less-than-carload shipments and is an allocation of system revenues made on a car-foot mile basis. There were no carload express shipments during the year 1968 or the first 8 months of 1969 on these trains. Dining and buffet and parlor car revenues and revenue for the transportation of remains are actual. Newspaper revenue is an estimate based on a special study.

With respect to expenses, the wages of conductors, brakemen, baggagemen, coach and parlor car porters, engineers, and firemen were developed from employees' time slips to which was added a percentage allowance for vacation pay and health and welfare insurance. Diesel locomotive fuel and diesel locomotive repairs are based, respectively, on an allocation of system diesel fuel and diesel locomotive repair to the subject trains on a passenger train car-mile or passenger diesel unit-mile basis. Similarly, passenger train car repairs, train supplies and expenses, lubricants and other supplies for train locomotives, and enginehouse expenses, all represent an allocation of the respective system expenses on a passenger train car-mile or diesel unit-mile basis. Dining and buffet expenses are actual, including crew wages, but not the wages of commissarial employees, office employees or inspectors. Terminal expenses are the added cost to the Milwaukee at the various locations due to the operation of these trains. The method of computing this expense was the same as that approved in two prior *Milwaukee* discontinuance proceedings, 331 I.C.C. 48 and 333 I.C.C. 466, under which these expenses are recognized as savable. Foreign car rental represents the foreign car-miles run on these trains multiplied by the published price per mile for each car.

Depreciation was taken in 1968 on 24 units, including 3 diesel locomotive units, 3 head-end cars, 12 coaches, 2 dome, 2 diner, and 2 parlor cars. For the period January 1 through August 31, 1969, depreciation was taken on three fewer units (one less head-end and two less coaches). The original cost, plus additions and betterments, and accepted Commission rates were used in these calculations. If these trains are permitted to be discontinued, the carrier states that the locomotive units would either go to other passenger trains, thereby avoiding the purchase of new locomotives, or to freight service with ultimate retirement of road freight switchers of equivalent total horsepower capacity. The cars would be used in other passenger trains, thereby avoiding the purchase of new cars, or would be sold or retired. The claims paid reflect the actual amount of claims paid due to the operations of trains Nos. 2 and 3.

Applicable payroll tax and supplemental pension percentages were applied to the labor portion of the various expense items, which represent amounts actually paid by the Milwaukee and not amounts withheld from employees. The Minnesota gross earnings tax was computed by applying the 5-percent tax rate to the total revenues of the subject trains allocated to Minnesota.

Effect upon employees.—The Milwaukee expects to eliminate some 88 employees if the two trains are permitted to be discontinued. The number of train and engine employees on trains Nos. 2 and 3 are 6 engineers, 6 firemen, 5 conductors, and 10 brakemen, for a total of 27 employees. The personnel on these trains are senior employees and, as such, are allowed 4 weeks' vacation, each, making a total of 108 weeks' vacation, which requires the services of five additional employees (one engineer, one fireman, one conductor, and two brakemen). Also required are the services of one additional engineer and one additional fireman 9 days per month on the Milwaukee division between Chicago and Milwaukee to work the "drag" miles occasioned by the mileage limitation under labor agreements. The carrier also states that discontinuance of these trains would result in the elimination of a switch engine assignment, No. 403-2 at its Western Avenue coach yards at Chicago, consisting of one engineer, one conductor, and two switchman helpers, for a total of four employees.

The wages and fringe benefits paid to the trainmen and enginemen would be eliminated by the proposed discontinuance and, according to the carrier, would result in immediate savings. The Milwaukee also states that discontinuance would not require the payment of severance pay or separation allowances to any trainmen or enginemen since the employees who would be displaced by the "bumping" process are, in all instances, unprotected employees, i.e., employees without job security. This would also be so, according to the carrier, with respect to the four employees involved in switch engine assignment No. 403-2.

In addition to the trainmen and enginemen, 3 stewards, 9 cooks, 9 waiters, 4 attendants, 3 parlor car porters, a total of 28 employees would also be affected by discontinuance of these trains.

The Milwaukee further maintains that discontinuance of the subject trains would result in elimination of the following positions at the Western Avenue shops: 3 machinists, 3 electricians, 1 pipe fitter, and 1 laborer, for a total of 8 employees in the locomotive department, and 7 mechanics and 7 cleaners, for a total of 14 employees in the car department. The carrier states that there are no protective provisions for these shop craft employees in instances such as this where the reduction in the number of shop craft personnel is a result of a reduction in service.

Estimated annual savings.—Appendix K hereto sets forth the carrier's estimated annual net savings if trains Nos. 2 and 3 are discontinued. The column headed "Projected annual basis" shows a projection of passenger revenues of $1,268,402. The other revenue items in that column are carried over, unchanged, from the preceding column headed "Year 1969 (last 4 months estimated)." The increase in passenger revenue on the projected annual basis over the year 1969 gives effect to an increase in fares to patrons. With respect to the projected annual expense items, it is noted that those in lines 14 through 24 show substantial increases over the amount of such expenses in 1969. These increases are not explained. Accordingly, we are unable to accept the Milwaukee's annual expense projections. The expense figures for the year 1969, with the last 4 months estimated, are, therefore, in our view, the more appropriate, accurate, and realistic for considering the expense items. Thus, as recomputed on the basis of the carrier's projected annual revenues, which are explained, totaling $1,619,725, and its total expenses for 1969, with the last 4 months estimated, of $2,095,738, including payroll and Minnesota gross earnings taxes, the net savings to the carrier (assuming 100 percent loss of revenues and 100 percent savings of expenses) would amount to some $476,013[1] instead of $565,073 or $568,877 as shown in the appendix.

With respect to the various expense items shown in lines 16-18 and in line 20 on appendix K, the carrier's evidence is to the effect that labor costs represent 49.45 percent of the expense in line 16—diesel locomotive repairs; 52.48 percent of the expense in line 17—passenger train car repairs; 55.62 percent of the expense in line 18—train supplies and expenses; and 82.95 percent of the expense in line 20—enginehouse expenses. Applying the percentage figures furnished by the carrier to these expenses in 1969, the labor costs included in diesel locomotive repairs would, at 49.45 percent, amount to $103,991. Such costs included in enginehouse expense would, at the stated 82.95 percentage figure, amount to $35,042, for a total for these two items of $139,033. Passenger car repairs at the 52.48 percentage figure for labor factors out at a labor cost of $82,445, while train supplies and expenses at the

[1]Since the carrier's projected annual revenues were used in the recomputation, it would be more appropriate and accurate to use the carrier's projected Minnesota gross earnings tax figure of $26,995 instead of the 1969 (last 4 months estimated) figure of $25,495. Adjusted to reflect this change, the recomputed net savings to the carrier would be $477,515, instead of $476,013.

stated 55.62 percentage figure for labor results in a labor cost of $118,756, the two items totaling $201,201.

Subsequent data furnished by the carrier at the hearing, however, show that estimated annual employee wages to be saved in the locomotive department by discontinuance of the trains would amount to only $70,000, and those to be saved in the car department would amount to $112,000. These amounts include vacation, health and welfare, paid holidays, and payroll taxes. A comparison of these figures with those computed above on the basis of percentages, also furnished by the carrier, indicates that locomotive diesel repair and enginehouse expenses are overstated in appendix K by some $69,033, and that the passenger car items are overstated by some $89,201. These two overstatements total some $158,234, and when payroll taxes of 10 percent are added they amount to a total of $174,057.

The carrier's evidence further shows that items 15 through 21 of appendix K, which are taken from appendix J, include overhead expenses of some $33,665 for the first 8 months of 1969. Projecting the 8-month period to the full year would show overhead expenses of some $50,000. This, added to the overstated labor cost of $174,057, amounts to a total of $224,057. We also note with respect to appendix K that no value has been assigned for feeder passenger revenue[2] for trains Nos. 2 and 3. Using the 1968 figures, the latest full year shown in the record for this item, the carrier-stated feeder revenues were $75,278. Applying the rule of thumb that 50 percent of these revenues would be consumed by the expense of handling the traffic, we note that the net feeder value, not calculated by the carrier, would amount to $37,639. Adding this to the overstatement of labor and payroll taxes of $174,057 and the nonsavable overhead expense of some $50,000 and subtracting these amounts from the net savings (assuming 100 percent loss of revenues and 100 percent savings of expense) of $476,013, as found herein, results in a net savings to the carrier, if the trains are discontinued, of only $214,317. Appendix L hereto sets forth the foregoing calculations.

As hereinabove noted, the carrier represents that discontinuance of trains Nos. 2 and 3 would result in the discontinuance of

[2] Carrier contends that all feeder revenues will be retained because it will reschedule its Morning Hiawathas to connect with Wisconsin Valley trains Nos 202 and 203 at New Lisbon, Wis., and with the Columbus-Madison (Wis.) bus run. This assumption is, in our view, overly optimistic. The carrier's witness stated: "There may be some that won't go * * *" and we agree but are unable to place a figure as to that percent that will be lost or retained. In view of this, we have employed the usual "rule of thumb" formula.

a switch engine assignment No. 403-2 at the carrier's Western Avenue coach yards at Chicago consisting of 1 engineer, 1 conductor and 2 switchman helpers, and would also result in the elimination of 8 positions in the locomotive department and 14 positions in the car department. We note that the consist of the trains aggregates, on the average, some eight cars, and we are not persuaded that it takes an entire engine and crew to switch each of these trains per day, and carrier testimony was to the effect that an hour or two per day was devoted by this assignment to work other than in connection with the subject trains. Similarly, with respect to representations as to number of mechanics and the cleaners whose positions could be eliminated at the Western Avenue shops if these trains are discontinued, we are not convinced that seven mechanics and seven cleaners are required to repair and clean eight cars in an 8-hour day. Considering these factors, it is our opinion that the net savable cost of $214,317, as shown on appendix L which includes the cost of labor involved in the switch engine assignment and the labor expenses involving the seven mechanics and the seven cleaners in the car department, is also overstated.

As to the carrier's estimates of revenues and expenses to be retained, as set forth in appendix K, such estimates are based on the conclusions of the carrier's witness, its statistician, who, after conferring with other members of carrier management, concluded that some 35 percent of the passenger traffic on the subject trains would be retained and handled by other Milwaukee trains. While we are satisfied that some passengers would be retained, we are able to assign little weight to the testimony of this witness in this, an area outside of his expertise. Moreover, since we do not know the occupancy of the carrier's other available trains, we are unable to determine whether additional equipment would or would not be required to handle additional passengers. Accordingly, we conclude that the additional net savings as shown on appendix K are of little or no value to this proceeding.

Curtailed service.— Our order instituting this investigation required that the parties be prepared to present evidence on, among other things, the feasibility of requiring the continuance in part of the trains' service, including, but not limited to, service over a segment of the route, weekend, seasonal, holiday, or special-run service, mixed passenger-freight service, or a combination of the foregoing or other limited service. In response, the carrier presented figures in appendix M showing that to operate these trains on a Friday, Saturday, and Sunday basis would involve some $970,000 of out-of-pocket expenses and taxes, and that the train would operate at a loss of some $163,061.

Financial data.–The Milwaukee's general balance sheet as of June 30, 1969, shows total assets of $704,742,958, consisting of current assets $66,632,239, special funds $1,057,749, investments $24,352,116, total properties, less recorded depreciation and amortization, $607,901,784, and other assets and deferred charges $4,799,070. Its total liabilities as of that date were $343,608,911, consisting of current liabilities $63,049,942, long-term debt due within 1 year $15,182,980, long-term debt due after 1 year $259,723,433, reserves $1,643,275, and other liabilities and deferred credits $4,009,281. The carrier's shareholders' equity was $361,134,047, consisting of capital stock $269,854,400 and retained income $91,279,647.

The income statements of the Milwaukee for the years 1967, 1968, and the first 8 months of 1969 show, respectively, railway operating revenues of $256,386,737, $268,675,243, and $201,659,-643. Ordinary income after fixed charges and other deductions was $2,733,925 in 1967, $2,612,012 in 1968, and a deficit of $13,316,780 in the first 8 months of 1969.

Promotional efforts.–The Milwaukee maintains a passenger department with personnel whose duties involve the promotion and handling of passenger transportation. It has offices located in Chicago, Madison, Wis., and Minneapolis. The carrier's services are advertised in numerous newspapers in the area and by radio. In 1969, 572 announcements were made over Milwaukee radio station WTMJ from March 10, 1969, to and including May 3, 1969, with a 2-week hiatus March 30 through April 13. Its "take the whole tribe along on the Hiawatha" slogan and other copy has been advertised in newspapers in Chicago, Milwaukee, La Crosse, Winona, Rochester, Minn., St. Paul, and Minneapolis. For the year 1967 it expended some $38,000 on newspaper advertisements; in 1968, $37,900; and in 1969, $41,397. An additional $6,000 should be added to these figures for art work and setups.

The Milwaukee has transported many special groups on the subject trains, but it has not applied the innovative technique of offering youth and student reduced fares nor has it made a special effort to attract students from the several colleges and universities along the line or to attract patronage from residents of homes for the aged.

Public opposition.–Public opposition to the proposed discontinuance was strong and vocal. Seventy protestant witnesses were heard, but because of their large number and the diverse nature of their opposition, only the following, who testified other than *pro se*, are identified: The Metropolitan Milwaukee Association of Commerce which conducted a survey of available services and found that the involved trains were poorly scheduled; Hilton Company, makers of aluminum beer barrels and aluminum ladders; Wisconsin Conference of Catholic Hospitals, representing some 55 institutions; Mandel Company, photo engravers, makers of off-set plates and printing matter; Clergyman Gordon De Hass; the Journal Company, publisher of the Milwaukee Journal, which employs some 2,300 persons; a Marquette University student representing the College of Liberal Arts and offering a petition objecting to the discontinuance signed by some 375 students; Marshall Field and Company's Mayfair Mall Store, Wauwatosa, Wis., employing some 740 regular employees; the T. A. Chapman Company, a department store moving some 5 employees per week between Milwaukee and Chicago; the Hoerner Waldorlf Company, with headquarters in St. Paul and a regional office in Chicago, manufacturing paperboard packaging materials and usually moving some 15 to 16 persons between these points in a given period of time; Marshall and Ilsley Bank of Milwaukee which purchased some 350 round trip tickets to Chicago in 1969 but cannot use the Hiawatha trains here due to poor scheduling; a representative of the International Harvester Company; Northern Engraving Company; the mayor of St. Paul; the special assistant to the Governor of Minnesota; State senators from the 2d, 37th, and 46th Districts of Minnesota; State representatives from two districts in the Minneapolis-St. Paul area; a city councilman of St. Paul; an alderman from the First Ward in Minneapolis; seven representatives of the St. Paul's Housewives League, representing some 1,700 members and offering a petition with some 180 to 185 signatures opposing the discontinuance and which, in addition, showed that it had provided some 800 passengers (producing some $56,000 in revenue) on the Milwaukee trains in the past year; the city attorney of La Crosse, who presented a statement of the mayor of that city; representatives from Portage, Wis.; those representing the College of Saint Teresa, Saint Mary's College, and the Catholic Social Services; a student representative from the La Crosse State University, Viterbo College, and the Wisconsin State University; an owner of a Holiday Inn; representatives of the Winona Chamber of Commerce; the Sparta, Wis., Chamber of Commerce and its industrial foundation; the La Crosse Jaycees; the Trane Company, manufacturers of air-conditioning equipment; Catherine's Dress Shop (and the president of the Wabasha Chamber of Commerce); La Crosse Garment Manufacturing Company; an automobile dealer in Portage, Wis., representing the American Motors Company; the Columbia, Wis., County Resources Agent for the County Board of Supervisors and the County Planning Director of Columbia County, Wis.; a dairy products distributor from Portage; the executive director of the Central Wisconsin Community Action Council (administrators of the U. S. Department of Labor aid programs and those of the Office of Economic Opportunity); John W. Fuller, Ph. D., representing the Wisconsin Department of Transportation; and a number of witnesses representing the involved labor unions.

In addition, Joint Resolution 95 of the Legislature of Wisconsin; a resolution of the Board of Supervisors of Columbia County, Wis.; Resolution No. 1734 of the Common Council of the city of Portage, Wis.; and a resolution of the Common Council of the city of Milwaukee, Wis., were submitted and received in evidence. Subsequently received was a resolution of the Common Council of the city of Superior, Wis. All of these express the State, city and community opposition to the proposed discontinuance of these trains.

In general, the position of those in the Milwaukee area, including the Metropolitan Milwaukee Association of Commerce, is that there is a strong community of interest in the corridor between Milwaukee and Chicago; that there is a population of some 10 million people in this corridor; that the subject trains constitute a vital link between these communities; and that, if anything, more schedules of trains are required. The Milwaukee interests also point to the close scheduling of the Morning and Afternoon Hiawathas and contend that such scheduling makes the two sets of trains too competitive with each other.

The business interests, including the banks, department stores, chambers of commerce, and the like, contend that the train is essential for the movement of their personnel along the line in furtherance of their business interests. Their position is supported by the large number of persons employed and those who are required to travel on company affairs. The 55 institutions represented by the Wisconsin Conference of Catholic Hospitals need the services of these trains to facilitate visitation between patients in these institutions and their families.

The mayor of St. Paul, the State senators, State representatives, city councilmen and alderman represented the needs of their respective constituencies for the continued operation of the subject trains. The special assistant to the Governor of Minnesota pointed out the need for continuation of the trains based on the Governor's new "rural renaissance" program which is designed to stop or at least substantially curtail the exodus of people from small communities in Minnesota to the major metropolitan areas by attracting industry to industrial parks at or near rural communities in Minnesota. The position of the Governor of Wisconsin, as set forth by representatives of the Wisconsin Department of Transportation, is that the trains should be continued in operation pending the outcome of a number of Federal and State studies, including Bill 2750 in the U. S. Senate which would amend the Interstate Commerce Act to permit subsidies for passenger train deficits and other congressional bills providing relief by way of amendment of the Interstate Commerce Act. In substance, Wisconsin desires a moratorium on train discontinuances in that State. The American Motors' representative at Portage pointed out that some of the services he renders are below cost, but are required if he is to remain in business. He takes the position that the railroad passenger deficit should be viewed in this light.

Some of the individuals who testified, *pro se*, complained of the longer time it now takes to make a trip because of the reduction made several years ago in the trains' then maximum speed of 90 miles per hour, and contend that such reduction in speed is responsible, in part at least, for the decline in patronage and revenues of the two trains. Generally, most of these protestants considered the trains to be clean and the service good, and were of the opinion that they should be continued in operation. Others differed with these views but, nevertheless, contended that, in any event, they desired continuation of the service. The carrier maintains, however, that the Commission is here dealing with "* * * one of the finest braces of the trains" in the country, and that the reduction in the speed of the trains was due to the condition of the roadbed.

Briefs.—On brief, the Milwaukee argues that while the involved trains are still excellent trains providing a superior-type service, the patronage thereon has declined "substantially," even though it has engaged in extensive advertising and other solicitation efforts. It states that the proposed discontinuance will not inflict serious injury upon any of the communities served or upon the travelers