

then we operate under a full record. Although our time is limited, we think we could do a better job in these important, complex cases if we have 9 rather than 4 months.

Mr. SKUBITZ. When you speak of burdens, do you usually think of just the out-of-pocket loss to the company in determining whether or not a train ought to be discontinued?

Mr. TIERNEY. The burden is essentially the area of above-the-track costs. In other words, how much money would be saved in the event the passenger train were discontinued?

Mr. SKUBITZ. I have an article here in the Train magazine that deals with the Kansas City Southern. I take the Kansas City Southern because it goes through my hometown.

I happened to be at a hearing the other day dealing with this railroad. Here is an article in November 1967 dealing with this particular railroad with this statement by the Kansas City Southern:

The Kansas City Southern Passenger Department, although reluctant to disclaim any passenger deficit, is convinced that the ICC accounting procedures are not adequate pictures of what really happens when a passenger dollar crosses the Kansas City Union Station ticket counter.

In other words, isn't there something just a little bit strange about the accounting system that you fellows have?

Mr. TIERNEY. They are talking about our figures for passenger deficits. I want to distinguish that accounting procedure from the approach used in a discontinuance, a 13a(1) case, where we look at losses.

Our accounting people, in attempting to come up with a full passenger deficit figure, include common costs therein. In other words, a station or tracks might be used jointly for passenger service and freight service. The full costs of passenger service as represented by the deficit figures include reasonable apportionment of these joint costs. This is where there is a dispute.

Mr. SKUBITZ. There ought to be one, don't you think so, Mr. Chairman?

Mr. TIERNEY. I want to emphasize this has nothing to do with the 13a(1) cases. We don't look at the figures from the standpoint of all costs attributed to passenger service. We merely look at the costs which will be eliminated if the passenger service is stopped.

Mr. SKUBITZ. Let's carry that just a little further. Here is a railroad that operates both passenger trains and freight trains over the same track. Then in a discontinuance proceeding, in an effort to point out their losses, they say on maintenance of roadbeds they charge them to their costs—

Mr. TIERNEY. That is not correct.

Mr. SKUBITZ. It is in your files, the procedures that they filed with you. That is where I found it in the *Kansas City Southern* case, \$140,000 chargeable to maintenance.

Mr. TIERNEY. Isn't that concerning overall passenger deficits?

Mr. SKUBITZ. This is right. But in order to show a deficit, they use this maintenance figure.

Mr. TIERNEY. But in discontinuance cases, only those maintenance costs which the carrier demonstrates are, in fact, savable would be considered. These savings would be mostly above-the-track losses.

Mr. SKUBITZ. What do you mean by above-the-track losses?

Mr. TIERNEY. We exclude most of these track expenses, as I understand it.