

our feeling that Section 13a provides sufficient control over all railroads and that any amendment of this nature would force additional financial burden on interstate commerce.

Sincerely yours,

CHESTER R. LAPEZA,
President-General Manager.

CHICAGO & NORTH WESTERN RAILWAY Co.,
Chicago, Ill., July 8, 1968.

Re H.R. 18212, train discontinuance legislation.

Hon. HARLEY O. STAGGERS,
Chairman, Interstate and Foreign Commerce Committee,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN STAGGERS: I would like to take the opportunity to express this Company's opposition to H.R. 18212, which is the Interstate Commerce Commission's recently proposed revision of Section 13a of the Interstate Commerce Act dealing with train discontinuances. We are opposed to what is an unnecessarily drastic revision of the train discontinuance statute because such legislation would inevitably result in a severe imposition of continued very large losses in operating relatively unused passenger services.

Section 13a has remained unchanged since its passage in 1958 and has been effective in alleviating serious burdens in providing passenger service between intercity markets. In the case of North Western we experienced intercity passenger deficits from 1958 through 1967 as included in the passenger deficits reported to the I.C.C. in our annual Report Form A as follows:

1958	-----	\$14, 728, 000
1959	-----	13, 860, 000
1960	-----	10, 926, 000
1961	-----	8, 282, 000
1962	-----	6, 712, 000
1963	-----	6, 053, 000
1964	-----	4, 482, 000
1965	-----	4, 138, 000
1966	-----	4, 032, 000
1967	-----	4, 841, 000
Total	-----	78, 054, 000

We had made steady progress in reducing the intercity passenger deficit from 1958 to 1966 despite large increases in operating costs and a continuing decline in passenger revenue. The reduction has been almost entirely through removal of intercity passenger trains under Section 13a. If the huge deficit level of 1958 had continued from 1958 through 1967, we would have experienced a cumulative intercity passenger deficit of \$147,280,000 instead of \$78,054,000. In fact, the cumulative deficits would have been much, much greater than \$147 million due to increased operating costs which would have been applicable to the trains which were removed and due to a probable severe decline in revenue on the trains had they been operated.

North Western's intercity passenger deficits have been a significant factor in causing a meager rate of return from inadequate or nonexistent net railway operating income. From 1962 through 1967 North Western had the following rates of return and net railway operating income:

	Rate of return (percent)	Net railway operating income
1962	-----	(\$291, 662)
1963	2.2	11, 349, 938
1964	2.1	10, 657, 636
1965	2.6	13, 534, 090
1966	2.6	13, 807, 615
1967	-----	(9, 856, 408)