

State regulatory agencies under State statutes. At a minimum H.R. 18212 should provide that proceedings already commenced before the I.C.C. or any State regulatory agency should be permitted to be completed. Again I would turn to our example of the case we now have before the Public Service Commission of Wisconsin on our Green Bay-Ashland service. This case originated in June 1968, with a proposal to discontinue the trains involved after Labor Day, 1968. The matter is now set for hearing in late July and we anticipate a ruling on the discontinuance by Labor Day. We have taken this case to the Wisconsin Commission even though an interstate train is involved between Chicago, Illinois, and Ashland, Wisconsin, because the service problem involved is peculiarly a local one of the need for service in part of Wisconsin and the lack of a need for service in another part. Under H.R. 18212, this case would be superseded entirely, and we would have to start all over again with an entirely new proceeding under protracted time periods before the I.C.C. involving notices, hearings, reconsideration, etc., which could delay the case by one year beyond the date in September 1968, when the case may be decided by the Public Service Commission of Wisconsin. Delay in this matter would be completely unjustified. We submit, therefore, that any revision of Section 13a should not supersede any state law and at a minimum should not supersede any state law already invoked by a carrier.

In the event Section 13a is amended to provide for the proposed special standards for last trains, I can foresee an immediate reaction by passenger railroads to discontinue other trains which are not last trains which they otherwise would not have sought to discontinue. The carriers will have to seek some form of relief and other trains will quite suddenly become ripe for discontinuance. In the case of North Western if we are not permitted to remove last trains, we might very well have to turn to our Chicago-Milwaukee-Green Bay service where six to ten trains daily are operated. While the losses on those trains might not be as great as on last trains, they would be factors which could be considered under Section 13a which could result in a discontinuance. I believe, therefore, that it would be most unwise for Congress to set special standards for last trains because it would inevitably result in removal of trains for which there is a greater public need. Congress would have protected the public right out of more necessary services.

The implicit suggestion in H.R. 18212 in the requirement of special standards for last trains is that they may ultimately be subsidized by the Federal government after special studies and investigation are completed. In other words, let's preserve the service, regardless of use by the public, until we determine how it may be paid for. I do not believe that an uneconomic service should be continued unless there is a genuinely purposeful need for the service. In the case of our suburban service in the Chicago area we have converted what was a very uneconomical service which was needed by the public to get to and from work into a service which rather remarkably now earns over \$2,000,000 per year. This was done, however, without subsidy by the government, primarily through a complete modernization of equipment, more efficient operating methods, vigorous promotion, and a realistic fare structure. I am not suggesting that such methods will work in the case of intercity passenger service where quite obviously the market is too limited and has been eroded by automobile and air transportation. I do not foresee how intercity passenger service in most areas can be operated without continuing large deficits. And when the time comes for replacement of existing equipment, most of the service may disappear completely as no prudent management will be able to make large investments in losing services. For the time being so long as existing equipment can be used, intercity service may continue except to the extent it is discontinued where it is an unnecessary burden.

It is clearly in the public interest to remove those lightly patronized passenger trains not needed by the public and reduce the deficits so that the railroads may get about the business they are best able to perform for the public. The savings to be afforded from discontinuance of unnecessary service are essential to the continued modernization of the railroad plant and purchase of equipment needed by freight shippers.

However, if intercity passenger service is desired by the public and efficient management cannot provide the service within its own financial capacity, we can only turn to government subsidy as the answer. I would, therefore, suggest that if H.R. 18212 is seriously designed to preserve service until a complete examination of the service needs are made, there should be a subsidy from the Federal government of 90% of the savings which might otherwise be