

Statement of Congressman Bob Dole, 1st Dist.-Kans., in accordance with investigation ordered by the Interstate Commerce Commission.

Finance Docket No. 24917 -- Union Pacific Railroad Co.

March 27, 1968 -- Salina, Kansas

MR. EXAMINER, LADIES AND GENTLEMEN:

I am pleased to have this opportunity to present my views on the discontinuance of passenger trains Nos. 17 and 18 between Kansas City and Portland. These trains serve not only those two great cities, but countless communities between -- many of meager population, perhaps, but with a high dependence upon the services of the Union Pacific Railroad Company.

Sixteen counties and dozens of communities are directly served by the Portland Rose in Kansas alone.

-Opposed to Discontinuance-

I seriously question the discontinuance of these passenger trains. The mail arriving at my office daily shows a dependence upon these trains by older persons, by students, and by those who simply do not choose to drive longer distances upon the dangerous freeways of modern America. Many are conscious of the fact that more people are killed each year on the nation's highways than in the war in Vietnam. For them, a passenger service is a comfort and an essential convenience.

-Trains a Public Service-

Passenger trains are a public service. It is in the public interest to maintain that service. Discontinuance hearings are held to determine just how much the public demands an individual set of trains, but no one denies that trains are generally needed in the United States to provide a viable transportation alternative to the airways, the busways and the freeways.

Mr. Examiner, I hope my contribution today to this proceeding may help to convince you that the Portland Rose is an essential service. I hope that service can be maintained at no financial loss to the Union Pacific; but, if necessary, the service should be maintained, even at slight loss to the carrier.

-Increase in Freight Rates-

The March 11 issue of the WALL STREET JOURNAL carried the news that the nation's railroads have requested an increase in freight rates which will, if approved by the ICC, give them additional annual revenue in the range of half a billion dollars. This request follows rail rate increases of \$300 million a year -- approved only last month!

Based upon figures supplied me by the Library of Congress, the Union Pacific carries 5.66% of all rail freight tonnage in the United States. Thus, just last month, the Union Pacific received around \$17 million in additional annual income for freight; and if this new request is approved, the company will receive another increase of about \$25 million per year.

Many in high positions both in and out of government feel the railroads have "grossly overstated the increased operating costs due to wages", and the recent increase has placed an "inequitable burden on agricultural commodities".

-Kansas Usage of the Trains in Question-

Many of you have seen the figures supplied by the Union Pacific which show the population of the counties through which the trains run -- compared with the automobile registration of those counties.

It occurs to me one might well own an automobile and still have occasion to ride a train from time to time. Nonetheless, the population of those counties served in Kansas and metropolitan Kansas City is 1,280,300.

Now, the carrier provides us with train usage information. In Kansas and Kansas City alone, 279,317 persons embarked and debarked the Portland Rose in the 33 month period beginning January 1965 and ending in September 1967. I submit that any passenger train used by 23.2% of the population, statistically, in a 33 month period, is an essential service and should be maintained.

While this usage is substantial, I feel it important to review the efforts made by the carrier in this case to secure an even greater passenger revenue.

-Advertising Comparison -- Competing Carriers-

The Union Pacific has not, in my opinion, sustained the aggressive sales campaign necessary to attract a larger volume of passenger patronage.

Let me give you the fairest analysis I am able to obtain. The carrier has listed several airlines and buslines as the competitors of the Portland Rose. I should like to compare the advertising dollars spent per million passenger-miles in 1966, for the following competing carriers:

Greyhound Bus	\$10,044 per million passenger-miles
Continental Airlines	\$ 2,792 per million passenger-miles
West Coast Airlines	\$ 2,758 per million passenger-miles
Frontier Airlines	\$ 1,866 per million passenger-miles
United Airlines	\$ 1,545 per million passenger miles

These figures represent a sizeable spread in expenditures, but we can conclude that carriers of various description and various corporate size are spending healthy sums on passenger service advertising.

The Union Pacific, on the other hand, spent \$636 per million passenger-miles for advertising its passenger service in 1966.

-Some Potential Loss Seen-

There is not any doubt the Union Pacific, under present accounting methods, will lose some money in continuing this passenger service. I stress the phrase, under present accounting methods, for I am sure much of the cost accounted to the Portland Rose will continue to be borne by the carrier -- some of the depreciation, and surely, some of the wages. The company did, however, have a net profit of nearly \$110 million in 1966, and as we have noted earlier, rail freight rates are going up.

-Elements of the Case-

Mr. Examiner, I could not presume to suggest to you the elements of a discontinuance case with which you are so very familiar, but for the public record, I should like to quote from a decision of the ICC in a similar case involving the Santa Fe about a year ago:

"Among the factors to be considered in a proceeding under Sec. 13A (1) in determining whether continued operations and necessity and will not unduly burden interstate commerce... are...the population of the communities served, the use made by the public of the service sought to be discontinued, other available transportation in the area and the general financial condition of the carrier, and the losses incurred in providing the service, the burden imposed upon the carrier and ultimately upon interstate commerce...A need for service may be so strong as to warrant its continuation even at some loss to the carrier."

We all know the population of the communities served is substantial. We know the public use of the Portland Rose has been substantial. We know the financial condition of the Union Pacific is sound, and will be improved by recent developments in freight rate standards. The losses incurred by the carrier will be, by its own admission, around \$1.8 million dollars per year. As I have suggested, much of this loss cannot be eliminated even if the trains stop running tomorrow.

If, however, the ICC should decide to discontinue the Portland Rose, I would hope the remaining schedules could be adjusted to provide service to western Kansas at timely hours so the effect of the discontinuance would be diminished as much as possible.

May I also say no one can deny the great contribution made by the Union Pacific to the development of the western portion of this nation. Without the rail service, little progress in economic development would have been possible in Western Kansas and other sparsely populated areas.

-Deterioration in Passenger Service Must Be Halted-

I do not have data or the facilities for a study to determine the directions of needed new horizons in rail passenger service. I would hope, however, that those who are experts in this field are making an all-out effort to do what is necessary to prevent any further deterioration in rail passenger service.

A survey by the National Association of Railroad Passengers in Chicago says 75 trains were dropped in the last half of 1967, nationwide. That's more than 10% of all the trains running in the entire nation.

In my opinion, before discontinuance of any passenger train is approved, the carrier should be required to show that the continued service would cause serious damage to the financial condition of the company. The carrier should be required to show that continued operation of the passenger trains would adversely affect freight and other services rendered by the company.

Thank you.