

ORIGINAL

Decision No. 76430

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN PACIFIC  
COMPANY for authority to discontinue  
passenger trains Nos. 53 and 54 and  
provide substitute highway-carrier  
service.

Application No. 50976  
(Filed March 28, 1969)

Charles W. Burkett and Robert S. Bogason, for  
Southern Pacific Company, applicant.  
Charles H. Purkiss, for Brotherhood of Railway  
& Airline Clerks; G. R. Mitchell and D. H.  
Brey, for Brotherhood of Locomotive Engineers;  
J. L. Evans, Earl P. Kinsinger, and James E.  
Howe, for United Transportation Union; James P.  
Jackson, for City of Sacramento, protestants.  
K. R. Burns, for United Transportation Union,  
interested party.  
William Figg-Hoblyn, Counsel, and Clyde Neary,  
for the Commission staff.

### O P I N I O N

Southern Pacific Company by this application seeks Commission authority to discontinue its Trains 53 and 54 (commonly known as the Sacramento Daylight) and substitute a bus service, operated by Western Greyhound Lines.

Trains 53 and 54 are primarily supporting operations for Trains 51 and 52 (the San Joaquin Daylight) which operate between the San Francisco Bay Area and Los Angeles via Modesto and Bakersfield. Trains 53 and 54 connect with 51 and 52 at Lathrop to provide service to Stockton, Lodi and Sacramento. Each train presently carries an average of 24 passengers per day.

On May 2, 1969 staff made a motion to dismiss the application on the grounds that this proceeding should be treated as a petition for reconsideration of Decision No. 74832 in

Application No. 50211 and since no material change of fact or law was alleged, should be dismissed.

Application No. 50211 was an attempt to discontinue all four trains. The application was denied by Decision No. 74832 on October 15, 1968. An inspection of that decision shows that all four trains were analyzed as a single operation. While that decision considered the availability of bus transportation as an alternate mode of travel, there was plainly no offer of a guaranteed connecting bus service.

Since this application presented an alternative not considered in the prior proceeding and was not directly a challenge to the findings or conclusions reached therein, the staff's motion was denied.

Prior to submission (on June 9, 1969) of the staff's motion, Southern Pacific filed a separate application (No. 51122 filed May 29, 1969) to discontinue Trains 51 and 52.

Since neither Southern Pacific nor any other party has moved to join or consolidate this application with Application No. 51122, the result is a limitation of the scope of the issues herein. Insofar as this application is concerned, the Commission's findings and conclusions regarding public convenience and necessity stated in Decision No. 74832 are not herein subject to challenge. Consequently an important issue herein is the extent to which the substitution will affect the viability of Trains 51 and 52, the continued operation of which has been determined to be required by the public convenience and necessity.

At several points during the course of the hearings counsel for applicant indicated that the substituted bus service, if authorized, would be continued so long as Trains 51 and 52 were operated.

Public hearings were held on June 9 and 10 in Stockton, June 11 in Sacramento and June 12 and 13, 1969 in San Francisco before Examiner Gilman.

The applicant introduced testimony by its Passenger Traffic Manager concerning the present operation of Trains 53 and 54 and the proposed substitute bus service, and of a Senior Transportation Analyst in its Transportation Bureau regarding the economic effects of the proposed substitution. Applicant also offered testimony of a Vice President of Western Greyhound Lines concerning Greyhound's part in the substitution proposal and the testimony of an Assistant Personnel Manager concerning certain difficulties in obtaining operating personnel for the trains in question. Applicant's Manager of Field Data Control testified concerning the effect of the proposed substitution on clerical employees and a Master Car Repairer employed by applicant testified as to procedures for routine repairs and maintenance.

The testimony of applicant's passenger manager indicated that Trains 53 and 54 function primarily to provide a connection to and from Sacramento, Lodi and Stockton for Trains 51 and 52 to points south of Modesto to and including Los Angeles.

The present connection is made at Lathrop with passengers transferring themselves and unchecked baggage between trains. Trains 53 and 54 operate beyond Lathrop to Tracy (a distance of ten miles) primarily for Southern Pacific's operating convenience.

The proposed substitute service would provide Greyhound buses at Modesto to meet both the southbound and northbound San Joaquin trains. The bus service would be exclusively for connecting passengers and would eliminate the local traffic now handled by Trains 53 and 54. That traffic is negligible except for groups of school children who now make one-way trips for educational purposes.

The proposed bus service will operate directly to applicant's passenger stations at Stockton, Lodi and Sacramento, and only Southern Pacific tickets will be honored. The buses would be operated on approximately the same schedule as the present trains.

The passenger manager also supplied the basic information upon which the comparison of revenues between present and proposed services was based.

The United Transportation Union called three union officials who testified concerning the details of various labor contracts, negotiations and an arbitration award with regard to the labor costs attributable to this set of trains.

An official of the Brotherhood of Locomotive Engineers testified concerning possible methods of cutting labor costs for engineers.

The assigned conductor for the trains testified concerning passenger reaction to car cleanliness, maintenance, an instance when the train was overloaded due to unexpected tour passengers, and problems caused by Southern Pacific's cancellation of baggage checking on connecting interstate trains.

A total of seven public witnesses testified, six of whom utilized the train. Generally speaking they indicated that bus service was a less preferred mode of travel because of confinement; two indicated that buses seemed less safe than the train. Complaints were voiced concerning cleanliness of the cars, particularly the windows. There was also a complaint as to condition of station restrooms. Several testified that Southern Pacific passenger trains had been put on a siding to let a freight go by.

Senator Alan Short made a statement protesting the discontinuance. As Chairman of the Senate Transportation Committee, he pointed out the growing concern for a balanced transportation system, and indicated his opinion that in view of the extensive trackage and right-of-way held by railroads, especially in urban areas, rail passenger service was an essential part of such a system. It was indicated that the Committee intended to present a master plan for such a system to the 1970 session of the Legislature.

A statement was made on behalf of Assemblyman Robert Monagan which also emphasized the need for a balanced transportation system and the need of the people of the San Joaquin and Sacramento Valleys for rail passenger service as part of such a system.

A resolution of the Sacramento City Council opposing the substitution was noted.

The staff, over Southern Pacific's objection, introduced a financial study of Southern Pacific Company's systemwide net railway operating income for 1968 as compared to 1967. Southern Pacific's motion to strike was taken under submission by the

A. 50976 ds \*

examiner subject to the filing of memoranda of points and authorities. The applicant's motion is based on the claim that matters relating to interstate revenues and expenses are outside this Commission's jurisdiction and hence irrelevant to this proceeding.

We conclude that the overall system financial condition of applicant is one of several factors which may be considered in a request to discontinue a service alleged to be unprofitable.<sup>1/</sup> Consequently, the motion to strike will be denied.

The conclusions of applicant's transportation analyst are presented in Appendix A (attached hereto).

#### Revenues

The "present revenues" column includes all the revenues attributable to both the San Joaquin and Sacramento Daylights from passengers who make a trip requiring connections between the two operations. The same is true of the projected revenues which include the total fares to be received from all passengers utilizing the combined train-bus offering. The present mail revenue is also stated on a joint basis.

The passenger manager testified in support of the revenue estimates. According to the witness there was a possibility

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<sup>1/</sup> For example, several exhibits dealing with Southern Pacific's system revenues and expenses were received in Application No. 50211.

that that portion of the mail revenue attributable to the San Joaquin Daylight (some \$18,300) would be retained. However, in the absence of a definite indication, the total mail revenue was treated by him as being lost. In his opinion there would be a decrease in total passenger revenues shared between Trains 51, 52, 53 and 54. The witness estimated that all of the local traffic, including school groups, would be lost as well as some portion of the traffic shared by the four trains. As to the shared traffic, the witness estimated the retention of 100% of the traffic connecting to and from points between and including Los Angeles and Tulare, 50% of the Fresno traffic, 25% of the Madera and Merced traffic. It was estimated that all of the Turlock and Modesto traffic would find the all-bus service offered by Greyhound as convenient as Southern Pacific's service and therefore would divert to the competing mode. These estimates were based on the witness's analysis of the available schedules and service of competing modes and on two reports from other railroads which had recently substituted bus service in assertedly similar circumstances.

The witness also made an estimate that 803 individual bus trips would be necessary to accommodate the predicted number of passengers retained; this estimate allows for a second bus on 61 trips and a third bus on six trips.

As to this estimate it should be readily apparent that applicant's approach leaves something to be desired. Obviously, passenger reaction to the proposal is a significant issue and of great importance, since it affects both costs and revenue of the proposed operation, as well as the economic impact on the San Joaquin trains. It would seem that the most obvious way to

determine what consumers would do would be to ask them. We are certainly aware of the difficulties of predicting consumer behavior on the basis of surveys or interviews; nevertheless, even with all the inherent difficulties of such an approach, the results would be far less subject to challenge than the type of study performed by applicant. Even if formal surveys were not made, a series of informal unstructured interviews would at least have the advantage of having the average consumer's opinions brought directly to the Commission's attention.

We are especially hesitant to accept the applicant's estimate that 100% of the long-haul traffic would be retained. If the retention is significantly less, revenue will be lost to the San Joaquin train while the expenses of both the train and bus operation will remain at practically the same level.

California's experience with joint train-bus operations has not been as encouraging as that relied on by applicant. The Santa Fe bus which provided a connecting service to the San Joaquin train from Bakersfield to Los Angeles offered passengers an alternative to remaining on the SP train, an alternative which saved approximately two hours. Nevertheless, that service was eventually discontinued. We infer from this that there is a passenger resistance of significant degree to a combined bus-rail movement. None of the parties offered any analysis of this somewhat similar situation which would enable us to assess the relevance of the Santa Fe experience to this proposal. Therefore the best we can do on this record is to express our doubt that 100% of the long-haul traffic will be retained.



For the purposes of comparison, Appendix B (attached hereto), column (e), line 1 shows an arbitrary 10% reduction rather than 100% retention of the long-haul passengers.<sup>2/</sup> Again for the same purpose, Appendix B, column (d), line 2 reflects retention of a portion of the mail revenue.

Servicing, Repair and Switching Costs

Southern Pacific's costs are heavily affected by labor. Even leaving aside the costs of the personnel directly assigned to the train -- engineers, firemen, brakemen, train-baggage-men, and, during the peak season, chair-car porters -- several other accounts include heavy doses of labor costs. Southern Pacific's cost witness testified that at least 50% of the claimed costs of servicing, repair, switching, and maintenance of way and structures accounts were labor costs. The ICC has expressed grave doubts as to the reliability of Southern Pacific's allocation methods for such labor items. In SP Co. Discontinuance, Los Angeles - New Orleans, 33 ICC 783 at 790, the ICC disallowed 50% of the claimed costs of repairs and servicing on the ground that a similar cost allocation showing did not demonstrate savability. We share these doubts. In rate making, for example, passenger service may legitimately be charged with a share of labor costs which benefit both freight and passenger service; conventional cost accounting techniques appropriately accomplish this end. But where discontinuance (or substitution) is the issue, the ultimate question is the amount of savings proximately resulting from the proposed reduction or change in service. We consider that applicant's burden of proof in such a case can ultimately be met only by demonstrating that, for example, the number of employees will be

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<sup>2/</sup> A reduction of total passenger count during peak days would likely reduce the number of extra buses required, and thus reduce bus expenses in some degree.

reduced or overtime payments eliminated, or by otherwise identifying and quantifying definite savings. Any method of costing which leaves the possibility that claimed labor or other costs will be continued and simply be reallocated to other segments of applicant's business is unacceptable.

In this particular instance at least \$18,250 of labor costs is included in the expenses listed in lines 8-12 of Appendix A. We have no means of determining from this record how much, if any, of these expenditures could actually be avoided as a direct result of the proposed substitution.

Train-and Enginemen's Wages

The costs attributable to those employees directly assigned to Trains 53 and 54 pose another question. Again referring to the ICC Sunset decision (supra), we find the following analysis (at p. 793):

"These amounts are based upon actual wage rates paid to operating...employees. By virtue of existing labor agreements employees with seniority are provided the right to 'bump' employees with a lesser amount of seniority. The amount saved would be the wages of those junior employees who will actually be displaced as a result of the chain reaction in the bumping process. The carrier did not use this method to calculate savable wages, and, therefore, the wages claimed as savable...are overstated by an unknown amount."

We adopt this reasoning and apply it herein except as regards firemen. As to the other classes of train- and enginemen we can only conclude that there has been a complete failure of proof by applicant.

Labor Costs - Firemen

The "bumping" process is fairly described as regards firemen. As a result of Arbitration Agreement 282, certain types

of railroad operations no longer regularly require firemen in the cabs,<sup>3/</sup> whereas a fireman is required on others, including all passenger service. Senior firemen by the terms of the award are guaranteed jobs; if the number of qualified firemen exceeds the number of jobs to be filled, a senior fireman may require that he be placed in a blankable job. ✓

Southern Pacific's labor witness indicated that if substitution were authorized the firemen presently working on the Sacramento Daylight would be placed in other jobs; only during the slack season would these be blankable jobs. The costs of filling these blankable positions would be approximately \$3,100 per year over the next two years. After that it was estimated that normal attrition would reduce the number of senior firemen so that they can be used year-round on "unblankable" jobs. It should be noted that the persons responsible for these estimates of costs and attrition timing were not made available for cross-examination. However, neither the staff nor the Brotherhoods chose to challenge the estimates. Nevertheless, there is one apparent defect in the estimate.

The last engineer to be bumped would normally have substantial seniority as a fireman, thus introducing a second individual into the bumping chain. It is impossible on this record to estimate the impact of this added factor on the total number of times a blankable job will be filled in the near future.

However, for the purposes of this proceeding we will accept as savable, applicant's costs for firemen, offset by the immediate costs of filling a blankable job. We will also accept as savable the Health and Welfare and Payroll Tax costs attributable to the firemen's position.

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<sup>3/</sup> These jobs are commonly referred to as "blankable" jobs. ✓

We will not attempt to expand our projection beyond the first year's savings, since the future of the arbitration agreement is doubtful, it having already expired by its own terms.

#### Maintenance of Way and Structures

The Interstate Commerce Commission has never to our knowledge accepted maintenance of way and structures as a savable expense in passenger train discontinuances. We are willing, as is the ICC, to accept the premise that elimination of a passenger train over a particular segment of track would make a measurable difference in the amount of wear and tear on the track. The difficulty is in the method of measurement; the ICC recently rejected a highly sophisticated method of projection based on regression analysis of different sections of track having different traffic characteristics. One of the features of this method was the assured elimination of items not related to traffic volume, such as storm damage and derailments (SP Co. Discontinuance, Order to Oakland (F.D. 24916, 24918) 333 ICC 525 at 532).

There is no indication that the method used herein excludes nonvolume-related items, or that the overall result is more reliable than that rejected by the ICC. In fact, the indications are that it would be less reliable since there was apparently no attempt to verify the estimate with observed experience.

#### Depreciation

The carrier's claim for equipment depreciation is based solely on the locomotive assigned to this service. No claim is made for passenger car depreciation because the cars assigned to the train would be retained in applicant's pool. The locomotive

which is now exclusively utilized for this train would be assigned to freight service.

The amount of depreciation claimed is that directly applicable to the group of locomotives to which this particular equipment belongs; the ICC has authorized use of an average life of 17 years to this group, which includes both passenger and freight locomotives.

This method of calculation is a departure from that usually used in discontinuance cases, which allocates the expense based on some measure of the work performed by locomotives in the particular service in question. This approach is also favored by this Commission: a locomotive which is utilized less than 4 hours per day pulling two or three cars can certainly be assumed to have a far longer service life than a similar locomotive used in freight service.

In Application No. 50211, Southern Pacific projected only \$4,100 for locomotive depreciation for the period July 1, 1968 to June 30, 1969 on a locomotive ton-mile basis. Quite obviously, the major portion of this nearly three-fold increase is due to Southern Pacific's change of methodology. Since we do not have in this record a statement of the appropriate unit costs for the class of locomotive now assigned, we can only find that no more than \$4,100 of locomotive depreciation expense has been demonstrated.

#### Tax Impact

Southern Pacific claims that before-tax-savings is the figure which should be used to measure the economic benefit of the proposed substitution; staff contends that the after-tax-savings is the only material consideration. The staff's contention is

A. 50976 ds\*

consistent with precedent before this Commission (Decision No. 73280 in Case No. 7906, issued November 7, 1967).

Until recently the ICC followed the reasoning advanced by applicant; however, in SP Co. Discontinuance, Ogden to Oakland (supra at 554), this rule was changed, largely at the urging of representatives of this Commission, and the tax effect is now considered in determining the benefits to the applicant.

The testimony in this record is not developed enough to permit a precise finding as to the impact of taxes on the projected savings. However, it is possible to estimate that that tax rate (State and Federal) on the last dollar earned was in excess of 50 percent. Hence, assuming a similar tax rate for the near future, less than one-half of any savings to be achieved by this substitution would actually be retained by applicant.

#### Excessive Labor Costs

The direct testimony of applicant's personnel witness was primarily aimed at demonstrating that labor costs for trainmen were inflated by the difficulty of obtaining regularly assigned operating employees for this operation. According to the witness, the applicant's only recourse is to take men from freight service with substantial cost increases caused by the resultant penalties, and excessive deadheading.

The witness presented an exhibit which showed that the extra payments (almost wholly in the brakeman and train baggageman categories) amounted to over \$9,000 during the test period. We are not disposed to consider these as being savable expenses. True, such additional expenses can be eliminated by abolishing the train;

however, the record discloses a reasonable possibility that these excess expenses could also be eliminated even if the trains' operations are continued, by good faith negotiations between the Brotherhoods involved and the applicant.

Given the demonstrated eagerness of the applicant to reduce whenever possible its passenger expenses and the announced eagerness of the Brotherhoods to preserve rail passenger service, it seems unreasonable to assume that this situation will continue in the future.

Therefore, applicant's cost showing, based on actual expenditures for trainmen's wages would have to be adjusted downward in the sum of \$9,300, even if savability of these items were established (See Appendix B).

#### Discussion

As can be seen from Appendix B the record leaves a wide range of uncertainty as to the economic impact of the substitution. It is possible that the pre-tax benefit to applicant could be as much as \$72,000 per year; yet, based on applicant's proven claims the result would be a net increase in losses of as much as \$52,300. Even if we were to make the not implausible assumption that one-half of the claimed labor costs could have been proven, the net benefit might be no more than \$10,000 - \$15,000 per year.

We have, as noted above, determined that any savings achieved as a result of the substitution should be discounted by approximately 1/2 because of tax effects. Thus, even giving the applicant the full benefit of its unproven claims, the maximum savings would be in the neighborhood of \$35,000 and under the same not implausible assumption, quite possibly no more than \$7,000.

Because of the failure of proof on such a material issue we need not proceed further to determine the relative merits and demerits of connecting train and bus service within the context of public convenience and necessity. The lack of information on passenger reaction would render this task difficult. Even more difficult would be an attempt to determine whether a bus or train service would be a more satisfactory link in an integrated transportation system, which may or may not become the objective of public policy.

Because of our inability to predict the amount of passenger traffic, and thus passenger revenue loss, we cannot reasonably estimate the total impact of the proposed substitution on Trains 51 and 52.

#### Findings

We find that:

1. If the proposed substitution had been in effect during the period April 1, 1968 to March 31, 1969: (a) the joint train-bus operation would have retained less than \$82,700 of the \$93,000 of passenger revenue produced by the joint operation of Trains 51 and 53 and 52 and 54. We cannot find that 100% of the traffic between Los Angeles-Tulare and Modesto-Sacramento would be retained, nor can we reasonably estimate what lower percentage would have been retained; (b) there is a high degree of probability that \$22,900 of mail revenue earned by the joint operation of Trains 51 and 53 would have been lost; however, it is not impossible that \$18,300 of this revenue would have been retained by Train 51; and (c) \$100 of baggage revenue would have been lost.



2. If the proposed substitution had been in effect during the period April 1, 1968 to March 31, 1969, the cost of providing bus service is estimated to be not significantly less than \$48,200.

3. \$9,300 of the claimed costs of train- and enginemen's wages should be disallowed as being savable, regardless of whether the substitution were authorized.

4. Approximately \$9,200 of train- and enginemen's wage cost has been, with reasonable precision, demonstrated savable in the first year following substitution.

5. The remainder of claimed costs of train- and enginemen's wages, porters' wages, and at least one-half of servicing and repair of locomotive and passenger cars and switching costs, together with associated health, welfare and payroll tax costs have not been proven to be savable.

6. None of the claimed costs of maintenance of way and structures have been proved to be savable.

7. The increase in locomotive depreciation over that projected in Application No. 50211 has not been justified.

8. We cannot with reasonable precision estimate the amount of passenger revenue which would be lost to Trains 51 and 52 if the proposed substitution were authorized.

9. Any savings realized as a result of the proposed substitution would be diluted approximately 50% by the effect of Federal and State income taxes.

#### Conclusions

We conclude that:

1. Applicant has failed to demonstrate the reasonably expected economic effects of substitution of bus service for Trains 53 and 54.

A. 50976 ds

2. Since there has been a failure on the part of applicant to meet its burden of proof on a material issue, no findings need be made on the issues of public convenience and necessity or the possible adoption of a public policy favoring an integrated transportation system.

3. Application No. 50976 should be denied.

O R D E R

IT IS ORDERED that Application No. 50976 is denied without prejudice.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this  
16<sup>th</sup> day of NOVEMBER, 1969.

William J. ...  
President

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Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

## APPENDIX A

ECONOMIC EFFECT OF SUBSTITUTION  
OF BUS SERVICE FOR TRAINS 53-54

Based on Period April 1, 1968 to March 31, 1969

Description (a)	Proposed Operation (b)	Present Operation (c)	Increase (Decrease) (d)
<u>Revenues:</u>			
Passenger .....	\$82,700	\$ 93,700	(\$ 11,000)
Mail .....	-	22,900	( 22,900)
Baggage .....	500	600	( 100)
Total effect on revenues .....			(\$ 34,000)
<u>Variable Expenses:</u>			
Substitute WGL bus service .....	48,200	-	48,200
Wages - train and enginemen .....		74,300	( 74,300)
Wages - chair car porters .....		8,800	( 8,800)
Servicing - diesel locomotives ..		3,500	( 3,500)
Servicing - passenger cars .....		6,600	( 6,600)
Repairs - diesel locomotives ....		9,300	( 9,300)
Repairs - passenger cars .....		12,600	( 12,600)
Switching .....		4,500	( 4,500)
Maintenance of way and structures		4,500	( 4,500)
Health and welfare for lines 6-13		4,000	( 4,000)
Payroll taxes for lines 6-13 ....		8,700	( 8,700)
Train fuel .....		5,300	( 5,300)
Depreciation - equipment .....		11,000	( 11,000)
Total effect on expenses .....			(\$104,900)
Net saving before adjustments .....			\$ 70,900
<u>Adjustments:</u>			
Haul of company material .....		1,500	( 1,500)
Value of alternate transportation		CR. 1,600	DC( 1,600)
Feeder value .....	*	*	*
Net adjustments .....			( 100)
Net economic effect .....			\$ 70,800

\* Included in lines 1-3.

APPENDIX B  
Page 1 of 2

Line No.	Revenues	(a) Proposed Operation	(b) Present Operation	(c) Claimed Effect	(d) Most Beneficial Effect	(e) Least Beneficial Effect	Remarks
1	Passenger	\$82,700	\$93,700	\$(11,900)	\$(11,900)	\$(19,600)	(e) represents possible 10% loss of long-haul traffic
2	Mail	-	22,900	(22,900)	(4,600)	(22,900)	(d) represents retention of \$18,300 of revenue on 51 & 52
3	Baggage	500	600	(100)	(100)	(100)	
4	Total Effect Revenues			(34,000)	(16,600)	(42,600)	
	<u>Expenses</u>						
5	Substitute WGL Service	48,200	-	48,200	48,200	47,400	(e) assumes 10% loss long-haul passengers and corresponding reduction of 13 bus trips
6	Wages, Train Enginemen		74,300	(74,300)	(65,000)	(9,200)	(d) indicates disallowance of \$9,300 of excess costs over "estimated normal" costs; (e) represents immediate savings of relief of firemen only; effects of elimination of other jobs unproven
7	Wages, Porters		8,800	(8,800)	(8,800)	-	savability unproven
8	Servicing Locomotives		3,500	(3,500)	(3,500)	(1,750)	50% labor; savability unproven
9	Servicing Passenger Cars		6,600	(6,600)	(6,600)	(3,300)	50% labor; savability unproven
10	Repair Locomotives		9,300	(9,300)	(9,300)	(4,650)	50% labor; savability unproven
11	Repair Passenger Cars		12,600	(12,600)	(12,600)	(6,300)	50% labor; savability unproven
12	Switching (decrease)		4,500	(4,500)	(4,500)	(2,250)	50% labor; savability unproven

APPENDIX B  
Page 2 of 2

A. 50976 MS

<u>Line No.</u>	<u>Revenues</u>	<u>(a) Proposed Operation</u>	<u>(b) Present Operation</u>	<u>(c) Claimed Effect</u>	<u>(d) Most Beneficial Effect</u>	<u>(e) Least Beneficial Effect</u>	<u>Remarks</u>
13	Maintenance Way & Structures		4,500	(4,500)	(4,500)	-	savability unproven
14	Health & Welfare Lines 6-13		4,000	(4,000)	(4,000)	(300)	(e) is 3.24% of proven savable labor costs
15	Payroll Taxes Lines 6-13		8,700	(8,700)	(8,700)	(650)	(e) is 7.01% of proven savable labor costs
16	Train Fuel		5,300	(5,300)	(5,300)	(5,300)	
17	Depreciation		11,000	(11,000)	(4,100)	(4,100)	(d) & (e) reflect depreciation claimed in A. 50211, Exh. No. 49
18	Total Effect Expenses			(104,900)	(88,700)	9,600	
19	Net Benefit Before Adjustment				72,100	(52,200)	
20	Net Adjustment				100	100	
21	Adjusted Net Benefit				72,000	(52,300)	

(decrease)