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SUPREME COURT OF VIRGINIA

AT RICHMOND

RECORD NO. 731057

NORFOLK AND WESTERN RAILWAY COMPANY,

Appellant,

v.

COMMONWEALTH OF VIRGINIA, ET AL.,

Appellees,

APPENDIX

Peter J. Hunter, Jr.
8 North Jefferson Street
Roanoke, Virginia 24011
Counsel

Dated: April 11, 1974

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BEFORE THE

STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA

APPLICATION OF NORFOLK AND WESTERN RAILWAY COMPANY
TO RECLASSIFY ITS AGENCY STATION AT
LONG ISLAND, VIRGINIA

The Norfolk and Western Railway Company hereby applies to the State Corporation Commission of Virginia for authority to modify the agency service at the railroad station at Long Island, Virginia, by providing agency service to the Long Island area through the presently existing mobile, or traveling, agent based at Brookneal, Virginia; in support thereof, applicant respectfully states:

1. Long Island is located in Campbell County, Virginia, 10.4 rail miles west of Brookneal, Campbell County, Virginia; regular agency stations are presently maintained at Long Island and Brookneal by the Norfolk Division of the Norfolk and Western Railway Company; in addition, a mobile agent based at Brookneal now serves the areas around the Charlotte County stations of Aspen, Phenix and Cullen, Virginia.

2. No passenger, U. S. Mail, REA Express or nonagency work is performed at the Long Island agency; the number of freight carloads handled at Long Island has been decreasing while the expense of maintaining the agency has been increasing; the amount of work performed at the Long Island agency is so small that the public convenience and necessity no longer require the continued maintenance of separate agency service and a station building at Long Island, Virginia.

3. In the present Brookneal mobile agency the work handled and mileage covered are so small that additional work should be added to increase efficiency; expansion of this mobile agency to serve the Long Island area would be both feasible and desirable; the mobile agent can handle the agency work for the Long Island area without disadvantage to the shipping public.

WHEREFORE, the Norfolk and Western Railway Company hereby requests that the Commission grant authority for: (1) the modification of agency service at Long Island, Virginia, by having the present Brookneal mobile agency serve the Long Island area; and (2) the removal of the station building at Long Island, Virginia.

Respectfully submitted,

NORFOLK AND WESTERN RAILWAY COMPANY

By Peter J. Hunter, Jr.
Peter J. Hunter, Jr.
Counsel

April 13, 1973

8 North Jefferson Street
Roanoke, Virginia 24011

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF

NORFOLK AND WESTERN RAILWAY COMPANY

For authority to reclassify its agency station at Long Island, Campbell County, Virginia

CASE NO. L-481

TRANSCRIPT OF

JULY 30, 1973 HEARING

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Beulah W. Simpkins
Official Court Reporter
State Corporation Commission
Richmond, Virginia

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF CASE NO.

NORFOLK AND WESTERN RAILWAY COMPANY L-481

For authority to reclassify its agency station at Long Island, Campbell County, Virginia.

PRESENT:

COMMISSIONERS:

JUNIE L. BRADSHAW (Chairman)

PRESTON C. SHANNON

ABSENT:

THOMAS P. HARWOOD, JR.

(Commissioner Shannon presiding)

APPEARANCES:

Peter J. Hunter, Jr.,
Counsel for Applicant

Richard W. Elliott,
and
A. L. Philpott,
Counsel for Interveners

Hamill D. Jones, Jr.
Assistant Commerce Counsel

COMMISSIONER SHANNON: Gentlemen, before you commence this case, I think I sat in on this case when I was Commerce Counsel.

MR. PHILPOTT: Yes, Sir, you certainly did.

COMMISSIONER SHANNON: And I don't know that there would be any objection. I think, in any event, before the Commission decides this, I would want our third Commissioner to read the record and pass on it. Because I don't want anybody to indicate any bias or any prejudice on my part one way or another in this case. I will be glad to step down and disqualify myself completely if that is the feeling of the participants.

MR. HUNTER: I suppose that we would be the only ones who could object, since we lost the last case of Long Island. And we certainly have no objections to your sitting in on it. Nor do we have any objection to the third member of the Commission voting on it on the record.

I might add that we don't feel this is exactly the same case as before.

COMMISSIONER SHANNON: All right.

MR. HUNTER: We think that the proposal

today and the Application involves another station in addition to Long Island. It involves a different headquarters station, at least in our petition, and that circumstances have, in fact, changed at Long Island proper. So, that, we don't even think it's the same case. It does involve Long Island, of course, still. But we have no objection.

COMMISSIONER SHANNON: Mr. Philpott, how about you?

MR. PHILPOTT: No, we have no objection.

COMMISSIONER SHANNON: Mr. Elliott?

MR. ELLIOTT: No, we have no objection, your Honor. The only thing I will say is that I will agree with Mr. Hunter this is not the same case it was before. We think Long Island is in an even better position than it was before.

COMMISSIONER SHANNON: All right, Mr. Jones, do you have anything of a preliminary nature?

MR. JONES: Yes, your Honor, I would like to pass to the file two resolutions passed by the Pittsylvania County Board of Supervisors and Campbell County Board of Supervisors opposing this

Application.

COMMISSIONER SHANNON: They will be passed to the file.

Do you have a petition, Mr. Elliott?

MR. ELLIOTT: Yes, Sir, I have a petition containing fifty-one names of people in Long Island.

COMMISSIONER SHANNON: That will be passed to the file. Maybe Mr. Hunter would like to see these resolutions and petitions.

While he is looking those over, I do feel, Gentlemen, that it would be in the interest of fairness, to have the third member of the Commission read the record and participate in the decision, if that is agreeable with everybody.

MR. HUNTER: Yes, Sir.

COMMISSIONER SHANNON: All right, Mr. Hunter, you may proceed.

MR. HUNTER: Yes, your Honor.

The Commission's order in this case required the Applicant to serve certain notices, and at this time I would like to tender an affidavit showing that notice of this hearing was posted at the Long Island station building in April to advise the

public of this hearing.

COMMISSIONER SHANNON: That will be received as Exhibit "A."

MR. HUNTER: In addition, I would also like to show that in April, I served a copy of the Commission's order and notice of this hearing upon Campbell County, Chairman of the Board of Supervisors, and the Campbell County Commonwealth's Attorney.

COMMISSIONER SHANNON: That will be incorporated as part of Exhibit "A."

MR. HUNTER: Our testimony has also been submitted in advance and also served upon both the Campbell County and Pittsylvania County Board of Supervisors, as I understand it.

I will call my first witness.

Mr. Burkhhart.

COMMISSIONER SHANNON: I believe it would be best if you would have your witnesses read the testimony in view of the fact that there is opposition here.

MR. HUNTER: It has been distributed to the opposition, I believe, your Honor.

COMMISSIONER SHANNON: Have you had a

chance to read it, Mr. Elliott and Mr. Philpott?

MR. ELLIOTT: Yes, Sir.

MR. PHILPOTT: I haven't.

COMMISSIONER SHANNON: Well, let's go ahead and read it into the record. It's relatively short and I don't think it will take that much time.

MR. HUNTER: Mr. Burkhart.

FRANCIS X BURKHART,

a witness introduced on behalf of the Applicant, being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. HUNTER

Q Would you proceed to read your testimony.

A. My name is Francis X. Burkhart. I am employed by the Norfolk and Western Railway Company as Regional Superintendent of Stations, Atlantic and Pocahontas Regions. My business address is 8 North Jefferson Street, Roanoke, Virginia 24011.

I have been with the Norfolk and Western and the former Nickel Plate Railroad for twenty-one years. During this time I have served as Statistician, Accounting Clerk, Department Supervisor, Assistant Manager Station - Atlantic and Pocahontas Regions, and Regional Superintendent of Stations.

In my present position I review station operations at the Norfolk and Western Stations in Virginia and adjacent states. Periodically I visit and inspect these stations, including the agency involved in this proceeding. Monthly reports showing the volume of business and cost of operation of each agency are furnished to my office. Time studies of actual work performed are made

when necessary to ascertain the efficiency and economy of agency operations. Through personal visits plus analysis of reports, I am able to implement improvements in work procedures or increase the agency force as necessary. Similarly, I am able to determine when an agency does not have sufficient work to justify maintaining a full-time agent. In addition, I review current developments in station operations throughout the rail industry.

In this proceeding, the Norfolk and Western seeks authority to modify its agency service at Long Island, Virginia, in order to correct two present inefficiencies: (1) insufficient work exists at Long Island to justify a full-time agent; and (2) the present Brookneal mobile agency has insufficient work to function efficiently. By extending the existing mobile agency route to the Long Island area, the railway would be able to maintain essential service in a more efficient manner.

Background. The traditional railroad station originated in an era when transportation of people and goods was generally limited to horses and steam locomotives. People made most long trips by rail and freight usually moved in small LCL lots. In that era the station building with its waiting room and warehouse was an important public service facility. Railroad stations were erected at each small community along the railroad line

and the railroad agent was a busy man.

Today the situation has changed. The most significant development has been the advent of modern paved highways. The prevalence of automobiles and trucks has changed rail transportation. LCL shipments by rail have ceased and rail transportation of mail and passengers has ended in most places. Only carload freight is now handled and most customers load and unload their shipments on tracks on or near their own properties with no assistance from the railroad agent.

A station building no longer offers any significant service to the public. In addition, modern accounting methods and computers have substantially reduced the number of forms and reports prepared by the agents. The duties of the agent have been limited to handling telephone inquiries, making out a few waybills, notifying receivers of freight arrived, keeping demurrage records, and seeing that empty cars are promptly returned to service. These transactions require a very small amount of time per carload shipment. The result has been that in many agencies the agents find themselves with much idle time. These changes have generated many applications to close small stations which could no longer justify a full-time agent.

I. The Long Island Agency. The N&W station at Long Island in Campbell County fits this historical pattern. It was erected in a small (population ninety), agricultural community in the early part of this century (1913). There are few users of railroad service. There is no passenger, mail, REA Express or nonagency work for the agent. The traffic at Long Island is predominantly outbound pulpwood, which requires little origin agency work. The agent at Long Island has no duties with respect to loading these cars. Pulpwood moves on wood rack cars which are not weighed at origin. The rate is figured at destination. Moreover, seals are not used on pulpwood rack cars. These shipments move in repetitive patterns and are relatively simple for the agent to bill. Most of these shipments move on a collect forwarded basis which means that the agent at Long Island does not handle the collection of freight charges. The result is that shippers at Long Island require very little agency service.

To review the efficiency of the present agency operations, time studies were conducted at Long Island. In these time studies, every action taken by the agent during the entire day was recorded on a minute-by-minutes basis. My assistant recorded one time study and I personally conducted the other study at Long Island.

These studies, attached as Exhibit Nos. 1 and 2, show that the present agent has little work to perform. For the total of four hundred eighty minutes (eight hours times sixty minutes per day, the studies produced the following results at Long Island:

On May 15, 1973, forty minutes of patron work; fifty-nine minutes of non-essential work; idle time was three hundred eighty-one minutes.

On June 29, 1973, that was in '73, thirty-one minutes of patron work; thirty-three minutes of non-essential work and four hundred sixteen minutes of idle time.

CHAIRMAN BRADSHAW: What's the difference between non-essential work and idle time?

A. It is work that he actually did perform such as sweeping the floor or walking up to the post office. It might take five minutes to walk up to the post office.

CHAIRMAN BRADSHAW: Go ahead.

A. The railway had to pay for a full day's work on each of these study days. Yet the agent at Long Island spent most of the time with absolutely nothing to do. Idle time consumed three hundred eighty-one minutes (six hours, twenty-one minutes) on one day and four

hundred sixteen minutes (six hours, fifty-six minutes) on the other.

CHAIRMAN BRADSHAW: Do these fellows know you are in there for this purpose?

A. Yes, Sir.

CHAIRMAN BRADSHAW: They recognize you when you come out with your stop watches.

A. Yes, Sir.

Little public service is provided by requiring the railway to have an employee sit idle for such large portions of the day. Actual patron business required between thirty-one minutes and forty minutes on the respective days. Additional time (thirty-three to fifty-nine minutes) was spent on work which need not be continued. Items such as going to the post office, sweeping the station and watching passing trains, for example, provide no vital service to patrons. The result is that the Long Island shippers require less than one hour of agency service per day. It is inefficient to maintain an agent eight hours a day when he will sit idle for six or seven hours each day.

The cost of maintaining an agency at Long Island was eleven thousand seven hundred forty dollars twenty-one cents in 1972. This figure is broken down on

my Exhibit No.3. Most of this expense is for the agent's salary. Because salaries constantly increase, the expense of maintaining the Long Island Agency continues to rise, as the past trend indicates:

Year	Cost
1968	$8,475.28
1970	8,947.17
1971	10,425.27
1972	11,740.21
1973 (projected)	13,266.74

The increase in expense from 1971 to 1972 was one thousand three hundred fourteen dollars ninety-four cents and at present wage levels the 1973 expense would be fifteen hundred twenty-six dollars and fifty-three cents more than last year's cost.

My Exhibit No. 4 provides information concerning the patrons, commodities and revenues at Long Island for 1971 and 1972. The limited number of users of rail service is noteworthy. One shipper, Chesapeake Corporation, dominates the statistics, with several others handling only an occasional carload. The same situation prevails on the commodities handled. Virtually all of the traffic is pulpwood forwarded from Long Island. Not only is most of the traffic outbound pulpwood shipped from

Chesapeake Corporation, but most of it moves to the same destination over the same route. In 1972 for example, two hundred ninety-nine carloads of pulpwood moved from Long Island to West Point, Virginia, over a joint NW-Southern Railway route with an interchange at Burkeville, Virginia. This one route thus accounted for seventy-nine percent of the total Long Island traffic last year.

Total carloads handled at Long Island have decreased in recent years:

Year	Carloads
1970	524
1971	474
1972	377

MR. HUNTER

Q Mr. Burkhart, let me interrupt there and ask you if you have now developed any information on carloads for 1973?

A. Yes, I have.

Q Do you have the figure for number of carloads in the first six months of 1973?

A. For the first six months of 1973, there were a hundred sixty carloads handled.

Q One hundred sixty?

A. One hundred sixty.

Q And how does that compare to the first six months of 1972?

A. During the first six months of 1972, there were two hundred twelve carloads handled, for a decrease of twenty-four point five percent.

Q There has been a decrease of twenty-four point five percent between 1972 and 1973. Is that your testimony?

A. That is right.

Q And what about 1971? Just the first six months?

A. During the first six months of 1971, there were two hundred eighty-two carloads. And 1973 versus 1971, there was a forty-three point three percent decrease.

Q From 1971 to 1973.

A. From 1971 to 1973, there was a forty-three point three percent decrease.

Q All right. Proceed, please.

A. While the cost of the agency has increased, the amount of traffic and agency work has declined. NW revenues at Long Island were thirty-six thousand nine hundred twenty-four dollars and eleven cents in 1971 and thirty-eight thousand six hundred eighty-two

dollars and seventy cents in 1972. However, the agent's work varies with the number of cars handled and not with the weight carried by the cars or the revenues obtained from the loads.

Of the three hundred seventy-seven carloads in 1972, three hundred seventy-four were either collect forwarded or prepaid received. Of the four hundred seventy-four carloads in 1971, four hundred sixty-seven were either collect forwarded or prepaid received. Virtually all of the Long Island traffic thus falls into one of these categories. On these shipments the collection of freight charges is not handled at Long Island, thereby reducing the agent's duties.

It should also be noted that on many working days the agent at Long Island has no traffic at all. In fact, in 1971 and 1972 there were ninety and seventy-two working days, respectively, with no traffic at Long Island.

In view of the small amount of work performed at Long Island and because the cost of maintaining the agency continues to increase, the railway desires to change the present inefficient agency situation. In the past, similar small stations have simply been closed. In my judgment the facts indicate that Long Island could be

changed to a nonagency under the jurisdiction of the Brookneal agency with no adverse impact upon the Long Island shippers. But the railway is not asking to make Long Island a nonagency. Instead, we propose to continue to provide personal agency service to the Long Island area through a mobile agency.

II. Mobile Agency. The mobile agency concept is the most promising development in railroad station operations. In this plan the shippers at a group of stations are served by an agent in a motor vehicle who goes directly to the shippers' places of business. The traveling agent carries a stock of necessary forms, essential tariffs and equipment. As necessary, he goes to the public delivery tracks, private sidings and customers' offices. He determines shipper needs, prepares bills of lading, inspects damage and issues instructions to train crews.

The mobile agency provides a modern alternative to the normal station closing case. Features of mobile agencies include: (1) personal agency service is continued; (2) the motor vehicle allows for flexible service; (3) the station retains its listing as an "Open" station; (4) shippers find it more convenient to have the agent come to their place of business; (5) the carrier

can reduce costs while continuing essential services: and (6) the mobile agent can visit shippers at nonagency points, thereby increasing agency service to such points.

For these reasons the mobile agency concept is being considered and implemented throughout the rail industry. Mobile agencies are presently in operation in North Carolina, South Carolina, Georgia and Missouri, among other states. In Virginia the Norfolk and Western has two mobile agency operations, one headquartered at Brookneal and one at Farmville. In addition, the Seaboard Coast Line, the C&O/B&O and the Southern Railway have all had impressive results with their mobile agency operations in Virginia. I have personally travelled with the NW mobile agents as well as with the C&O/B&O and SCL mobile agents and have witnessed the customer satisfaction and the ease and facility with which the mobile agent can handle a substantial volume of business. It has been the experience of NW and other carriers that the shippers prefer the mobile agency because of the convenience offered. In addition, the civic leaders of the towns have been pleased that the mobile agency plan allows the communities to keep their status as "Open" agencies.

The mobile agency concept has proven to be successful. However, the present NW mobile agency based

at Brookneal is operating inefficiently because there is not enough work. In comparison to other mobile agencies the existing Brookneal operation is anemic:

The mobile agent, NW, at Farmville, has five stations. The round trip mileage is a hundred twenty-one miles, and the cars handled per day is fourteen.

The SCL mobile agency, headquarted at Alberta, has five stations, the round trip mileage is a hundred thirty-seven miles, and the cars handled per day is fifteen.

The C&O mobile agency at Sabot has six stations. The round trip mileage is ninety-five, and cars handled per day is fourteen.

The Southern at Keysville has three stations, round trip mileage of a hundred nineteen, and cars per day of eleven.

The NW, Brookneal, Virginia, has three stations, round trip mileage is fifty-eight, and cars per day is one point five.

The present Brookneal operation is far below the proven capability for mobile agencies. When the Brookneal mobile agency was proposed in 1971, it was the first such attempt by NW and it was only the second such proposal in Virginia. Since that time, however, both

NW and Virginia have obtained experience with mobile agencies. That experience shows that the present Brookneal operation is far to small. To verify this fact time studies have also been done of the Brookneal mobile agent's position. Those time studies, attached as Exhibit Nos. 5 and 6, show that even with driving to each of the involved stations the mobile agent was idle most of the day. Specifically, of each eight-hour day, idle time consumed five hours and sixteen minutes and five hours ten minutes, respectively.

The idle time of the present mobile agent indicates that the present operation is not efficient. The obvious solution is to expand the Brookneal operation to add more work. The experience of other mobile agencies certainly shows that the Brookneal route could be successfully enlarged.

III. Addition of Long Island to Brookneal Mobile Agency. At the present time the railway is maintaining inefficient operations at the Long Island agency and the Brookneal mobile agency. The logical solution is to combine these operations. Fortunately, the station at Long Island is located close enough to Brookneal to make such a consolidation entirely feasible. Attached as Exhibit No. 7 is a map showing the Brookneal

base station, the station at Long Island, and the agencies (Aspen, Cullen and Phenix) presently served by the mobile agent. Long Island is only ten point four rail miles and eleven point nine highway miles west of Brookneal. Extension of the mobile agency route to include Long Island would present no problem. Under such a plan the base station at Brookneal would be located more toward the center of the route. The number of "Open" stations in the extended plan (four) would still be less than the number included in most of the other existing mobile agencies. Round-trip mileage would be increased only to eighty-two miles. This would still be less than the mileage covered in other existing mobile agencies. Most importantly, the amount of business added at Long Island would increase the carloads to only three per day. This figure would still be far below the amount of work being handled routinely on other mobile agencies in Virginia.

The Brookneal mobile agent has approximately five hours of idle time per day. The Long Island shippers require less than one hour of agency service per day. Accordingly, the mobile agent has more than adequate time to go to Long Island to provide all agency service required at that point.

This proposed mobile agency arrangement

would provide reasonable and entirely adequate agency service for the Long Island patrons. An agent will remain on duty full-time at the Brookneal headquarters station, as at present. In addition, the mobile agent would travel each day to serve the patrons. As at present the agent would go to Aspen, Phenix and Cullen as necessary. In addition, the mobile agent would go to Long Island each day to provide agency service.

The agent would bring all necessary forms to conduct business at Long Island. The agent would keep in touch with the Brookneal agent by telephone. Patrons at Long Island will be able to summon the mobile agency or transact business by calling the Brookneal agency. For this purpose NW will provide toll-free telephone service for the Long Island Shippers. Prior to implementation of this mobile agency, an initial call will be made on each of the Long Island patrons to make arrangements to handle their business through the mobile agent. At Long Island, of course, there are few rail customers who will be involved in this switch.

The mobile agency extension involves the method of handling the necessary paperwork between the shippers and the railroad. This application will have no effect upon track facilities or train service. The mobile

2 agency proposal will not alter train operations. Traffic will be physically handled as it is at present. The same train crews will set off and spot inbound cars and will pull outbound cars.

Under the mobile agency plan, it will not be necessary for freight charges to be prepaid on inbound carload shipments. Long Island would continue to be listed in the tariff as an "Open" agency. Therefore, there would be no necessity to alter the procedures now being followed with respect to obtaining credit for freight charges. The traveling agent can handle loss and damage claims in person, and, if necessary, this would be followed up on the customary person-to-person basis with a claim representative calling on the receiver. It should be noted, however, that most of the Long Island traffic is outbound pulpwood, which would produce no claim work at Long Island.

The traveling agent can also make out bills of lading for shipments. If the shipper has been in the practice of making out his own bills of lading, then he would mail three copies of the bill to the agent at Brookneal for the agent's receipting and return of the shipper's copies. If the shipper does not make out his own bills, then he could give all of the billing details

either to the agent at Brookneal on the telephone or to the traveling agent in person. When the traveling agent prepares the bill, the shipper would sign the bill and receive a copy immediately.

With respect to the labor situation, NW negotiated and signed a memorandum agreement on February 5, 1973, to cover all mobile agencies thereafter implemented on the entire system. This nine-page master agreement with the union would be applicable to this proposed change in our Brookneal mobile agency. The rates of pay for the mobile agent are already fixed in the contract and increase with the number of "Open" stations involved. This agreement covers such factors as the daily meal allowance, vehicle to be furnished (standard air condition, etc.) and credit card. The agreement also covers the protection applicable to affected employees.

MR. HUNTER: Your Honor, he also has seven exhibits to which his testimony has referred that I would like to have admitted.

COMMISSIONER SHANNON: Mr. Burkhart's Exhibit Nos. 1 through 7 will be received.

MR. HUNTER: The witness is available for cross examination.

COMMISSIONER SHANNON: Is there any

preference as to how to proceed with cross examination?

Mr. Philpott, do you want to go first?

MR. PHILPOTT: Yes, Sir.

CROSS EXAMINATION

BY MR. PHILPOTT

Q Mr. Burkhart, you work for the Norfolk and Western Railroad, is that correct?

A. Yes, Sir.

Q What is your position?

A. Regional Superintendent of Stations, Atlantic and Pocahontas Regions.

Q Since, well, May of 1973, which is the last three months; say May, June and July, how many times have you visted the Long Island Station?

A. I was in Long Island on June 29.

Q I asked, "how many times have you visited?"

A. I was there June 29th.

Q Well, were you there May 15?

A. No, I was not there on May 15.

Q And these figures then on May 15 are not yours.

A. They are my assistant's.

Q Did you spend the whole day at Long Island on June 29?

A Yes, Sir.

Q And those were your figures there?

A Yes.

Q Do you have a particular method of determining the time studies? Is there a standardized form?

A We use our own form.

Q Is the agent aware of the information contained in those forms or the information sought to be obtained from the use of those forms?

A I believe so. I told him why I was there.

Q You didn't go over with him at the end of the day?

A No, Sir.

Q Now, I believe in November of 1971, the Norfolk and Western made an application for the discontinuance of a certain number of stations along this line. Do you recall that?

A We made application to start a mobile agency, yes, Sir.

Q Maybe I had better rephrase my

question.

In November 1971, the Norfolk and Western made application to this Commission to close certain stations along this particular line. Is that correct?

A. No, we did not make application to close any stations along this line.

Q. Well, perhaps you are like some people who I have been listening to on the radio and television. You and I are thinking about the same things, but we are using different terms.

What I'm interested in is did you not apply to close the station or stop service from the local agent at Cullen, Phenix, Aspen and several other places? Long Island?

A. No, Sir, we did not propose to close the station or stop service. We proposed a mobile agency which allows the station to remain open and continue service.

Q. I said, "by a local agent?"

A. The local agent is still assigned to the station and an agent goes to the station. That is the agent for the station.

Q. Well, let's get at what we are talking about in the proper perspective here. When I refer

to the local agent, I mean a station with an agent assigned to it on an eight hour a day basis. Not one traveling around through the country-side by vehicle.

Now, do you understand what I mean, and that is the way I want the question answered in the context of what it means to me. Because I don't understand the Railroad's terminology here.

A. Well, you see -

Q. Prior to November 1971, did you have resident agent in Cullen, in Aspen, in Phenix, an agent serving in a station house beside the railroad?

A. There was an agent at each station for eight hours each day.

Q. All right. So, how many of those stations did you ask the Court, ask the Commission to permit you to abandon at that time?

A. We asked for five stations to be included in on the mobile agency.

Q. And that ran from what point on the line to what point?

A. The proposed headquarters was Kenbridge, Virginia, and it was going to run from Kenbridge to Long Island.

Q. And that was a distance of what?

A. I don't have the mileage with me.

Q. Now, Kenbridge to Long Island. Did that include Brookneal?

A. No, Brookneal was by-passed. Brookneal was not included in it.

Q. You by-passed Brookneal?

A. Yes, Sir.

Q. All right, from Brookneal to Kenbridge, do you have any stations open with resident people, service, in a station from eight until five?

A. We have stations open, but no one particular person is serving from eight until five.

MR. HUNTER: Did you hear the question? From Brookneal to Kenbridge.

A. Yes, we do have.

MR. PHILPOTT

Q. Mr. Burkhart, I'm sure the Commission knows exactly what I'm talking about. I don't think you are misleading them by trying to talk about open agency stations.

A. I'm not trying to mislead them.

Q. Well, just answer the questions.

A. I'm answering the questions the best I can.

Q I will ask you again.

Do you have any stations open from Brookneal to Kenbridge served from eight 'til five by a agent on duty at the station house during those periods?

A. We have at Victoria, Virginia.

Q Victoria. And how far is that from Kenbridge?

A. As best I recall, about two or three miles.

Q Two or three miles from Kenbridge. Is Kenbridge, also, do they have a registered agent?

A. Yes.

Q So, you have one at Kenbridge and one at Victoria. Then, you have no more from there to Brookneal. Is that right?

A. That is right. The rest are served by a mobile agent.

Q Then from Brookneal to Lynchburg, what do you have?

A. There are no stations.

Q How about Altavista?

A. Altavista and Long Island.

Q Altavista and Long Island. And you have closed all your others from Brookneal to Lynchburg.

Are they served by a mobile unit or are they open agency stations?

A. What stations are you talking about?

Q. Any of them that might be there.

A. They are non-agency stations not served by a mobile agent.

Q. I see.

Now, how far is that from Long Island to Lynchburg, what distance?

A. Sir, I don't have the slightest idea.

Q. Well, ten, fifteen or twenty miles? Is it a short distance or a long distance?

A. Off hand I would say twenty miles.

Q. Approximately twenty miles.

Now, of course, your philosophy and so forth, you being an employee, a considerable amount of your appraisal of the mobile agency is somewhat self-serving, isn't it, Mr. Burkhart?

Do you have any witnesses to back up what you are saying that are not railroad employees?

A. No.

Q. I appreciate it. Don't get me wrong about that. I can understand it. I just wondered if you have any objective witnesses.

A. No, I didn't bring any witnesses.

Q. You realize, of course, that most of that testimony is very self-serving.

MR. PHILPOTT: I have no further questions.

COMMISSIONER SHANNON: Mr. Elliott?

CROSS EXAMINATION

BY MR. ELLIOTT

Q. Mr. Burkhart, you are aware that you all made money down there in 1972 at Long Island station, aren't you?

A. What do you mean, "we made money?"

Q. Your net profit. You made a net profit, didn't you?

A. I don't think we did, Sir, in my opinion, we haven't.

Q. On page seven of your testimony, you indicated that the revenues increased from 1971 to 1972, on the bottom line. Right?

A. Yes, Sir.

Q. All right. And then over on page six, you showed your cost from '71 to '72.

A. We showed our freight agency cost, the cost of running the freight agency.

Q Isn't that all the cost you had at Long Island?

A. No, Sir, it's the cost for handling the freight.

Q So, these figures are not, they are rather misleading, aren't they?

A. No, Sir, they are not misleading. They deal with the freight agency and of the freight agent. This is the man who does the paper work.

Q It seems to me, the way I look at these figures is that from '71 to '72, your costs have increased about thirteen hundred fifteen dollars.

A. Yes.

Q '71 to '72. And then if you turn the page, your revenue went up almost two thousand dollars.

A. Yes.

Q So, my question is, did you have a net profit at Long Island for those years?

A. No, the revenue went up, but I do not believe we had a net profit.

Q What is the condition of the highway from Brookneal to Long Island?

A. I think it's in good condition.

Q What was the last time you drove

over that highway?

A. Oh, I believe the date of my time study, which would be June 29.

Q. And,of course, you didn't see any white lines on that road while you were going over there, did you?

A. No, Sir, I did not.

Q. So, it's not nearly as good as the road from Brookneal to Lynchburg, is it?

A. It's a different type of road from Brookneal to Lynchburg.

Q. All right.

CHAIRMAN BRADSHAW: What road are you talking about?

MR. ELLIOTT: I'm talking about all those little dog paths, your Honor, that run from -

CHAIRMAN BRADSHAW: 699, 661 -

MR. ELLIOTT: - 633, that road that runs along the creek and the river there.

CHAIRMAN BRADSHAW: That must be a dog path. It's not on the map.

MR. ELLIOTT: No, Sir. I have a map of Campbell County here that I'm going to put in later as an exhibit to show you gentlemen a lot

better.

CHAIRMAN BRADSHAW: Oh, I was looking at a State Highway map and I don't see that.

COMMISSIONER SHANNON: How would the agent travel from Brookneal over to Long Island? What highways would he use?

A. 633 and 761 and State Route 40.

CHAIRMAN BRADSHAW: 633 is not on the State Highway map.

A. Well, that's the road he will use. It's there. It may not be on the State Highway map.

CHAIRMAN BRADSHAW: I just wondered why the State Highway System doesn't include it on their map.

Go ahead.

MR. ELLIOTT

Q. Mr. Burkhart, what kind of automobile does this traveling agent have?

A. A Ford, 1971 Ford, air conditioned four door sedan.

Q. Is it equipped with a telephone on it that I can call from Rustburg?

A. No, Sir.

Q. Well, who is going to answer the

telephone in Brookneal while he's riding down to Cullen?

A. We have a headquarter agent in Brookneal who will answer the phone.

Q. And how does he get in touch with the man in the station wagon?

A. The man in the automobile will call in as necessary and check to see if there are any messages for him.

Q. Would he call in on a regular schedule or just as a whim?

A. He would call in on a fairly regular, well, first of all he goes to each station and he sees what is there personally on his route. This is one of the first things he does in the morning. He starts out at 9:00 in the morning and he goes to each station.

Q. Does he call in on a regular schedule or does he call in on a whim?

A. He calls in on a regular schedule.

Q. Do you have a copy of that schedule?

A. No, I don't.

Q. Do you think you could furnish one of those?

A. Not right now. I'm sure I could get it.

Q. Is there one in existence?

A. As far as I know there is.

Q. Does the Norfolk and Western Railway have any interest in industrial potential and growth of Campbell County?

A. We certainly have. In our last three hearings we have the representative from the industrial development to come down and he testified to those.

Q. I don't see anything in your testimony, all these facts you considered, that anybody was consulted as to the industrial potential in this portion of the County.

A. Our industrial development department has been working on this continuously for the last ten years.

Q. But there is nothing significant enough to include in your testimony?

A. I don't think they really have accomplished too much, but they have been working for the last ten years.

Q. Are you aware that a gas line that runs from, I think, Texas to New York passes very close to Long Island?

A. No, I'm not aware.

Q. Of course, you are aware that the river is right there which provides an adequate water supply?

A. Yes.

Q. Would you people be interested in the fact that the future might hold, the near future might hold for the development of several tracks of land in that area that could use the railroad?

A. Well, this is very fine and I would be very interested for the business to tripple or ten times, or twenty times, because I feel a mobile agent could handle it. I am interested in the way the paper work for the railroad is handled between agents and the customers. And I'm all for business increasing many times. We are all for it. We are in business for that.

Q. Okay.

A. We are interested just in the way the paper work is done.

Q. If the president of the Campbell County Chamber of Commerce were talking to Mr. "X" who is out looking for industrial sites for his plant, and Mr. "X" were to ask the president of the Chamber of Commerce, "Do you have a full-time agent in Long Island or somebody that is riding around in a station wagon?" Which one do you

think would sound better to Mr. "X"?

A. To Mr. "X", I would think probably the mobile agent would because of the new modern concept in railroading. And it shows that the railroad is progressive and that they are going to have an agent come to their door when he needs them. It's an efficient means of doing business and works extremely well.

Q. You can't, in all honesty, say that that man, if I took him down to Long Island and showed him that part of Campbell County. And if I told him that the agent was down at Cullen in his station wagon and would take him about an hour to get up there, that he would be more impressed with that than if I were to take him right on over to the tracks and introduce him to the agent?

A. I really and truly do believe he would be more impressed, yes, Sir. It's modern. It's new, forward thinking.

Q. Have you ever conducted a time study at the Norfolk and Western Railway Station on the depot agent at Roanoke?

A. No, I go over there quite often because it is rather close to me. Roanoke is an extremely large agency.

Q. Are you familiar with the, I think

it's the RF&P Station, out here on Broad Street called the "Broad Street Station?"

A. Not at all.

Q. I have been in there in both the one there and the Norfolk and Western in Roanoke both, and they both looked like Grant's Tomb to me.

A. There is no connection with this, is there?

Q. I see as much activity at Long Island.

MR. HUNTER: There's no question pending. He's just commenting.

MR. ELLIOTT: I don't have any further questions.

CHAIRMAN BRADSHAW: Mr. Burkhart, we know that the principal receiver is Chesapeake, but how many shippers make up the some three hundred seventy-seven carloads last year?

A. During the year of 1972, there were two shippers who shipped a total of five cars, or received a total of five cars and shipped none in '72.

CHAIRMAN BRADSHAW: I want the number. Maybe you didn't understand my question. Most of these people, I understand, ship pulpwood. And I want to know about the little independent dealers or -

A. We do our business with the Chesapeake Corporation, who in turn buys from the pulpwood people. Our customer is Chesapeake.

COMMISSIONER SHANNON: Does Chesapeake have a concentration yard there at Long Island?

A. Yes, they do.

COMMISSIONER SHANNON: They have a yard, a wood yard. And they buy from the farmers and the people who come in from surrounding territories?

A. That is my understanding.

COMMISSIONER SHANNON: And Chesapeake is the shipper.

A. Chesapeake is the shipper.

COMMISSIONER SHANNON: Do they ship all the outbound pulpwood?

A. I believe in the year '71 that Mr. Ray Wood shipped some.

COMMISSIONER SHANNON: How much did he ship?

A. Perhaps eight cars.

COMMISSIONER SHANNON: Eight.

Did anybody else ship any?

A. No, Sir, other than Chesapeake.

COMMISSIONER SHANNON: But if you wanted

to ship to Continental Can or to Westvaco, you wouldn't use Chesapeake's concentration yard, would you? I mean, an individual would have to ship directly from Long Island through the agent there?

A. They could ship directly through the agent, yes.

CHAIRMAN BRADSHAW: That was, getting back to the basis of my question. I was just wondering how many shippers because, you know, I can see a distinct difference between the mobile agent calling on Gravely Furniture at Ridgeway (referring to case heard just prior to this case), which is a big-time business, and some little pulpwood dealer down in the woods that comes up to the station and phones.

A. For the last several years we have had primarily one shipper and that is Chesapeake, primarily.

CHAIRMAN BRADSHAW: I see.

A. And the other is Ray Wood.

COMMISSIONER SHANNON: And I believe you said there were something like a hundred and sixty cars the first six months of '73. Of this

hundred and sixty, how many were shipped by Chesapeake and how many by others?

A. I don't have it broken down.

COMMISSIONER SHANNON: You don't have it broken down.

I take it that Long Island is on what is known as the "Old Virginia." Is that correct?

A. Yes, Sir.

COMMISSIONER SHANNON: Go ahead, Mr. Jones.

MR. JONES: Yes, Sir.

CROSS EXAMINATION

BY MR. JONES

Q. Have you said how Chesapeake feels about this?

A. I understand there is no objection from Chesapeake.

Q. Have you talked to them personally?

A. I have not. Our division superintendent has.

Q. But you don't know for sure how they feel?

A. I have been informed by the division superintendent.

Q. And you stated that the mobile

agency concept is more efficient than the station agent in this particular circumstance.

A. Yes.

Q. And your testimony also shows that the railroad loses money by having a station agent.

A. Yes, Sir.

Q. At Long Island.

Does the railraod lose money on the mobile agent even if it were extended to Long Island?

A. The railroad spends more money by having a mobile agent than it would if it were to close the station. The railroad is putting out more money to -

Q. Right.

A. - have a mobile agent rather than close the station. It is costing the railroad more money.

Q. In the previous Application, one of the things that the railroad was stating was that it was costing the railroad more money than it was worth to have a station agent. Now, I'm saying is it costing the railroad more money than it brings in to have a mobile agency. Would the railroad prefer to eliminate, if they had their choice, the mobile agency as well?

A. We, no, we are willing to pay this extra money to give our customers in that area good service.

Q So, you are paying out extra money?

A. We certainly are paying extra.

Q So, in effect, it's confiscatory as stated in your Counsel's statement of counsel, even to maintain the mobile agent.

A. Will you explain a little more to me? I think I got lost.

Q The statement of Counsel has suggested that for the Commission to require the maintaining of the station agent at Long Island that it is illegal because it's confiscatory, and that it's causing the railroad to lose money.

I'm saying that if the railroad is losing money off the mobile agency, isn't that also confiscatory?

A. I can't testify to that.

CHAIRMAN BRADSHAW: Let me ask you a question, Mr. Burkhart.

You show the cost of operating the station last year to be eleven thousand seven hundred and forty dollars. Where is that versus the cost of operating the mobile agency? How much are you saving, if any?

A. In this particular, to include

Long Island?

CHAIRMAN BRADSHAW: Yes.

A. The salary would go up, I believe, according to contract it goes up by the number of open stations and the agent who presently has it, his salary has gone up, I think, twenty cents an hour or something like that, hourly increase.

COMMISSIONER SHANNON: If you add another agency.

A. If we had another agency.

CHAIRMAN BRADSHAW: No, I'm not talking about that. I'm talking about, you have got your cost over here for keeping the station. And as Mr. Philpott says, the registered agent, you know what that costs. What is the difference over here from operating your car and the mobile agent running over to -

A. It would be several hundred dollars a year.

CHAIRMAN BRADSHAW: You haven't figured the savings?

A. No, Sir, I haven't. The savings, of course, would be what we show as the cost of maintaining a full-time agent. The operating of the vehicle is nine

point two cents per mile per day and the mobile agent will receive a twenty cent an hour increase, I believe. And we are talking about roughly twenty-two miles a day, ten cents, two dollars and twenty cents.

COMMISSIONER SHANNON: But you won't save thirteen thousand two hundred sixty-six dollars a year on a projected basis for 1973.

A. We will save close to that, yes, Sir.

COMMISSIONER SHANNON: Because, actually, you have got an attrition agreement with your clerical personnel, haven't you?

A. Yes, Sir.

COMMISSIONER SHANNON: Aren't they covered by attrition?

A. In this particular case, now, the agent who was at Long Island can take over this mobile agency position. His seniority stands good for taking over the mobile agency. He can be the mobile agent.

CHAIRMAN BRADSHAW: Well, let's get back to my savings question. If you got an agent and the primary cost, I guess, would be the agent's salary.

A. Yes, Sir.

CHAIRMAN BRADSHAW: So, if you take the same man and you keep the same salary and put him in a car, could it cost your more money?

A. No, Sir, not when you consider the volume of stations.

CHAIRMAN BRADSHAW: And you prorate his time among the stations. You don't know what the net difference would be?

A. No, Sir.

COMMISSIONER SHANNON: Go ahead, Mr. Jones.

MR. JONES

Q. On the bottom of page seven of your testimony, the very last line, revenues went up from 1971 to 1972 by, just roughly, it looks like five percent while it looks like the carloads in the same period decreased. How does that happen?

A. I would presume by the size of the cars.

Q. Any other possible? I'm not familiar with it?

A. No, I would presume that.

COMMISSIONER SHANNON: He has some general revenue increases in that period, too.

A. I don't know.

COMMISSIONER SHANNON: You haven't checked on it.

MR. JONES

Q. On page ten, the bottom of the page, the last sentence in the first paragraph, you state, "Civic leaders of the towns have been pleased that the mobile agency plan allows the communities to keep their status as 'Open' agencies."

Well, certainly that says they would prefer to have a mobile agency as opposed to no agency.

A. They prefer that the station remain open under a mobile agency as opposed to closing as is the normal case.

Q. Have you had any of these civic leaders state that they would prefer a mobile agency to a station agent at Long Island?

A. No, I haven't.

COMMISSIONER SHANNON: Mr. Burkhart, why couldn't you re-arrange your mobile agency program and make Long Island the base station?

A. Well, Brookneal would be closer to the center and the Brookneal agency has a larger volume of business for the headquarters of the agency and it would

be desirable to continue it there. The volume of business is fairly heavy.

COMMISSIONER SHANNON: What you do at a base station, you have one base agent, and then you have the satellite agent or the roving agent to report in to the base agent. Isn't that correct?

A. Yes, Sir.

And he spends his time there, when he is not traveling, he will be at the headquarters station.

COMMISSIONER SHANNON: You don't think it would be practical then to make Long Island a base station to operate out of?

A. I do not think it would be efficient, Sir.

CHAIRMAN BRADSHAW: And what was your reason, because it would not be geographically centered?

A. No, I said, in addition that the Brookneal agency would be closer to the center, but the volume of business at Brookneal is heavy, compared to these other stations, considerably heavier, and it would not be good to move that.

COMMISSIONER SHANNON: What kind of

business do you have at Brookneal?

A. Pulpwood, primarily.

CHAIRMAN BRADSHAW: How many cars did you ship out of Brookneal last year?

A. I don't have the Brookneal figures with me.

COMMISSIONER SHANNON: Is your concentration yard at Brookneal?

A. I can't tell you.

COMMISSIONER SHANNON: Have you been to Brookneal recently?

A. Yes, Sir.

COMMISSIONER SHANNON: You don't know whether there is a concentration yard there operated by Westvaco?

A. No, Sir, in all honesty, I don't know.

MR. JONES

Q. When there's only one point five cars handled per day out of Brookneal and that includes the entire mobile agency, it couldn't be too much business, could there?

A. That is just the mobile agency. It does not include Brookneal business.

Q. This mobile agent makes one round trip per day, is that correct?

A. Yes, unless someone requests him to come back at a later time.

Q. Does that occur very often?

A. I don't think it's occurred at all.

Q. So, as I understand it, if a mobile agent were to make one round trip a day, it really doesn't make any difference, as I see it, whether the base is at the end of the route or right in the center or at the other end because if he makes one round trip a day he's is going to cross every point twice except for points right at the end. And at one point on the route is going to be crossed just a few minutes apart. Another point maybe four or five hours apart. But no matter where you have that base,it's going to be equal. I don't see any advantage of having it at the center assuming he only makes one round trip a day and the usual practice is not to make extra trips to the closer point.

If he made extra trips per day to closer points, then it would be an advantage to be in the center.

Q. It would be an advantage to be in the center, Brookneal being in the center he would be closer to either end of the route should some require his service. So, he would be able to do that.

And, additionally, from an operations standpoint, business at Brookneal is fairly heavy. During his five and a half hours spare time he has every day, he is available there to assist the headquarters agent if it were necessary. Because we would like to use the people rather than have them sit at the end having nothing to do all day.

COMMISSIONER SHANNON: Where is Aspen, with reference to Phenix and Cullen?

While he's looking up that point, Mr. Philpott and Mr. Elliott, I don't take it that you all would have any objection if they were to make Long Island the base station. You would withdraw, would you not?

MR. PHILPOTT: I would. I'm not sure Mr. Elliott would.

COMMISSIONER SHANNON: Because actually you would bringing more work there.

MR. PHILPOTT: As I say, I would, but I'm not sure Mr. Elliott shares my view.

COMMISSIONER SHANNON: Do you share his view, Mr. Elliott?

MR. ELLIOTT: We don't want to move it out of Brookneal.

MR. PHILPOTT: He represents Brookneal, also.

COMMISSIONER SHANNON: Go ahead. Where is Aspen?

A. Ten point miles east of Brookneal.

MR. ELLIOTT: It's in Charlotte County, just over the line.

MR. JONES

Q. Mr. Burkhart, has anyone at Brookneal, at the Town of Brookneal, been notified of the possibility of the base of the mobile agency being moved?

A. Certainly not.

Q. So, they were, the Town of Brookneal was not properly notified and would not be hereto object to moving the base?

A. No, Sir.

Q. How does this agent at Long Island seniority compare -

A. He has a right to take the job. We have discussed it. If he sincerely wants to, he can be the mobile agent.

Q. Okay. And what is the, is that a frame or brick station?

A. No, Sir, it's a frame building.

Q. What do you plan to do with that? Would that stay open?

A. They have been discussing tearing it down. I don't know if they will.

Q. Is it not in good condition?

A. It's in fair condition, I presume.

Q. Does it have any historical value?

A. No, I don't believe so.

MR. JONES: I have no further questions, your Honor.

COMMISSIONER SHANNON: Do you have more questions, Mr. Philpott?

MR. PHILPOTT: Yes, Sir.

RE-CROSS EXAMINATION

BY MR. PHILPOTT

Q. You say that that station at Long Island is in fair condition?

A. Yes, fair.

Q. When you use "fair", it's just before falling down?

A. I said fair. It certainly isn't good.

Q. You interest me, Mr. Burkhart,

in hearing your testimony about this mobile agent.

Now, as I recall your testimony was that each morning the mobile agent goes along to these various open agency locations along the line to look at the cars or the car situation at each of these various places. Is that right?

A. Yes, he contacts the customers, yes, Sir.

Q. Each morning?

A. Yes, Sir.

Q. That mobile agent would go to Aspen, Phenix and Cullen as necessary, and in addition the agent would go to Long Island each day to provide service, to provide agency service.

Now, in fact, what you are saying there is that they don't go to these other stations every day, but they would go to Long Island. Is that right?

A. I'm not saying that they don't go to the other stations every day. As a matter of fact, he does.

Q. Well, if he does, then how does he have so much free time traveling the distance that he has to travel on the road he has to travel? If he stopped and spent ten or twenty minutes at the station?

A. I road with him and that is the way it turned out, Sir. We stopped and talked to every customer and asked for their requirements. We even made an extra stop at his local post office so he could pick up his personal mail. And he had all the extra time available when we got back to the station. We talked to every customer.

Q. What did you say to the customer other than "Good Morning", perhaps that he could have driven, do you realize what distance you are talking about by your own map?

A. Yes, it's about twenty-eight point nine miles one way and it's fifty-seven point eight miles round trip.

Q. Twenty-eight point what?

A. Twenty-eight point nine.

Q. Well, I must not be reading this map right, then. Twenty-one, let's see. It looks like to me it's about twenty-eight miles one way and -

A. Well, that's what I said,twenty-eight point nine which is really twenty-nine.

Q. Right. And all of these are country roads. And what rate of speed do you travel at, usually?

A. Wait a second. State Route 40, I wouldn't consider it a country road.

Q. Well, it ain't much better between Brookneal and Charlotte Court House, Mr. Burkhart, because I travel that road all the time.

MR. HUNTER: I object. That's not a question. It's a comment.

MR. PHILPOTT: Well, these self-serving statements, if the Commission please.

MR. PHILPOTT:

Q. You were talking about traveling fifty some miles in an hour and about ten or twenty minutes, according to your testimony, and interviewing customers. Now, I would like to know how in the world you can travel that length of time over those roads and meet and discuss customers and to do what you say you do at each of those stations. And that involves three stations.

A. That's right. We did it and we did it well within the speed limit, I can assure you of that, Sir.

Q. Do you realize how far you are talking about traveling?

A. Yes, fifty-seven point eight miles round trip.

MR. PHILPOTT: I have no further questions.

COMMISSIONER SHANNON: Any re-direct, Mr. Hunter?

MR. HUNTER: Yes, your Honor.

RE-DIRECT EXAMINATION

BY MR. HUNTER

Q Mr. Burkhart, Counsel asked you about the revenue figures that you show. Are these N&W's total revenue figures?

A. Yes, Sir, they are total revenue figures.

Q That includes one hundred percent N&W revenue even on local traffic?

A. Yes, Sir, a hundred percent local traffic.

Q Are those gross N&W figures?

A. Yes, Sir, they are gross N&W figures and we have not taken out any expenses.

Q In other words, these figures are not profit then?

A. No, Sir, they are not profit by any means.

Q And we have another witness to

testify as to the other costs?

A. Yes, we do.

Q. Now, with regard to possibility of using Long Island as the headquarters station, is it true that the last time a mobile agency in this area was proposed the railroad proposed the headquarters station at Kenbridge which was at one end of the mobile agency plan as opposed to being in the middle?

A. That is true.

Q. And is it correct that in the second mobile agency that the N&W proposed at Farmville, Virginia, the headquarters station was located near the center, geographically, of the mobile agency route?

A. That is true.

Q. And is it true that in that instance the Commission felt that having the headquarters station in the middle of the mobile agency route was a beneficial idea?

A. Yes, that is true.

Q. And having the headquarters at Brookneal would be more toward the middle than having headquarters at Long Island?

A. Yes, Sir, it would.

Q. Now, is it your testimony that

Brookneal business is heavier than Long Island business? Is that correct?

A. Yes, Sir, that is correct.

Q. Is the condition of the building at Brookneal better than the condition of the building at Long Island?

A. In my opinion, it is considerably better, yes, Sir.

Q. Would that be a reason to have headquarters at Brookneal rather than at Long Island?

A. That is another good reason.

Q. Is it correct that this railroad is not proposing today to establish a headquarters station at Long Island?

A. That is correct.

Q. We are proposing to establish the headquarters station at Brookneal. Is that correct?

A. Yes, Sir, that is correct.

MR. HUNTER: I have nothing further, your Honor.

COMMISSIONER SHANNON: You may stand aside, Mr. Burkhart.

WITNESS STOOD ASIDE.

COMMISSIONER SHANNON: The Commission will recess for five minutes.

11:30 A.M.

11:35 A.M. The Commission resumes its session.

COMMISSIONER SHANNON: You may call your next witness, Mr. Hunter.

MR. HUNTER: Mr. Weber, please.

NORMAN F. WEBER,

a witness introduced on behalf of the Applicant, being first duly sworn, testified as follows:

MR. HUNTER: Does your Honor and opposing Counsel want Mr. Weber's statement read also?

MR. PHILPOTT: I don't.

COMMISSIONER SHANNON: Mr. Elliott?

MR. ELLIOTT: No, Sir, I will be willing to stipulate.

COMMISSIONER SHANNON: All right. The Commission has read this statement, so we are perfectly willing to let it go into the record as if read.

MR. HUNTER: He has one exhibit, your Honor.

COMMISSIONER SHANNON: And I believe the previous witness had seven exhibits.

MR. HUNTER: That's right.

COMMISSIONER SHANNON: So, his exhibit will be received as Exhibit No. 8.

DIRECT EXAMINATION

BY MR. HUNTER

Q Will you state your name for the record?

BEFORE THE

STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA

APPLICATION OF NORFOLK AND WESTERN RAILWAY COMPANY FOR AUTHORITY TO MODIFY ITS AGENCY SERVICE AT LONG ISLAND, VIRGINIA

CASE NO. L-481

VERIFIED STATEMENT

OF

NORMAN F. WEBER

My name is Norman F. Weber. I am Assistant Manager - Costs for the Norfolk and Western Railway Company with business address at 8 North Jefferson Street, Roanoke, Virginia 24011. I have been employed in the Accounting and Budget and Management Information Departments of the Norfolk and Western and the former Wabash Railroad Company since 1942. Since January 1964 my duties have been in the area of cost accounting. On numerous occasions I have prepared data relating to the costs of transporting railroad traffic. The cost information prepared

is generally either for management information or for use in formal cases before regulatory agencies. I have testified in various proceedings before the Interstate Commerce Commission.

For this proceeding I was requested to develop information concerning costs incurred by Norfolk and Western on rail traffic handled at Long Island, Virginia, in 1972. As indicated in Witness Burkhart's testimony, virtually all Long Island traffic is outbound pulpwood with the predominant movement being to West Point, Virginia, via an interchange with the Southern Railway at Burkeville, Virginia. Because this one movement accounted for such a large proportion (79%) of the Long Island traffic, I developed NW costs for this traffic.

Costs were developed in accordance with the basic railroad costing principles set forth in Rules To Govern The Assembling and Presenting of Cost Evidence, I.C.C. Docket No. 34013. Using these guidelines, I applied NW Rail Form A unit costs to the actual movements from Long Island to Burkeville. Actual data concerning the mileage, weight and revenue was utilized.

Docket No. 34013 encourages specific adjustments to unit costs to reflect the actual experience of the traffic being studied. Certain adjustments were made in costing this

Long Island traffic. In most areas unit costs were adjusted downward. In the areas of origin switching, car cost, I&I switching and interchange costs I used data based upon actual experience at Long Island. In each case these figures produced lower costs than the basic NW Rail Form A unit costs. An upward adjustment based upon actual operation was made in the unit costs in only one category -- station clerical expense, where the actual cost of maintaining an agent at Long Island is shown.

My cost study is shown on Exhibit 1. The result shows that NW variable costs on the traffic from Long Island to Burkeville in 1972 exceeded revenue received by $13.33 per car. Because variable cost exceeded revenues, fully allocated cost would exceed revenues by an even greater margin. The conclusion is that NW lost money on this Long Island traffic.

Station expense provides a major reason for the deficit result on this Long Island traffic. Having a full-time agent at Long Island resulted in a cost per car in 1972 of $31.14 ($11,740.21 ÷ 377 cars). This actual expense is 32% of the total cost per car, which is exceptionally high for station clerical expense. In contrast the basic NW Rail Form A unit cost for station clerical expense would be only $7.83 per car.

MR. HUNTER: Mr. Weber is available for cross, your Honor.

COMMISSIONER SHANNON: Mr. Philpott?

MR. PHILPOTT: No, Sir, I'll let somebody else cross examine him.

COMMISSIONER SHANNON: All right, Mr. Jones, do you want to start.

MR. JONES: Yes, your Honor.

CROSS EXAMINATION

BY MR. JONES

Q On page three, would you just elaborate on that first paragraph a little bit on your procedures, specifically the upward adjustment you talked about. I'm not familiar with how you did this.

A. The upward adjustment, the only upward adjustment that I made was on station clerical expense where the actual cost of maintaining an agent at Long Island is shown. The way that adjustment was made, we took this eleven thousand seven hundred forty dollars and twenty-one cents and divided it by three hundred seventy-seven cars. And that came up with a station clerical expense of thirty-one dollars and fourteen cents. Now, this is an upward adjustment from the average that is in Rail Form A for station clerical. The average is seven

eighty-three.

Q. If the mobile agency were approved, what would be the station clerical expense per car out of Long Island?

A. That I wouldn't know. If I were to work it and put in Rail Form A, I would put in seven dollars and eighty-three cents.

Q. Could you use these same procedures to determine the cost per car of the mobile agency out of Long Island?

A. If I had all the factors, I could.

Q. Would you be able to make an estimate right now as to whether there would be a net profit or net loss per car?

A. I would say that there would be a profit.

Q. A net profit per car.

A. Right.

CHAIRMAN BRADSHAW: The profit would be twenty-three thirty-one; the difference between seven eighty-three and thirty-one fourteen?

A. That's right. You see, our thirteen thirty-three is a loss right now. In other words, you take seven eighty-three from the thirty-one fourteen -

CHAIRMAN BRADSHAW: That would be twenty-three thirty-one difference.

A. That is right.

CHAIRMAN BRADSHAW: And that would be your savings?

A. That would be a contribution to our fixed costs. This is only a variable.

COMMISSIONER SHANNON: There is a return on investment in your variable cost, isn't it, the cost scales you use with the I.C.C.

A. Right.

COMMISSIONER SHANNON: What is that return?

Four percent?

A. Five point five.

COMMISSIONER SHANNON: Five point five.

MR. JONES

Q. Are you aware that the railroads are now seeking a rate increase on pulpwood before the Interstate Commerce Commission?

A. Yes, I am.

Q. If that increase were approved and subsequently approved by the State Corporation Commission of Virginia, how would that alter your net profit, or in

this case, net loss per car statistics?

A. Will you repeat that question?

Q. If the increase were approved, would that alter your statistics?

(pause)

MR. HUNTER: Counsel, are you talking about the interstate increase or the intrastate?

MR. JONES: Well, as I understand it, the -

COMMISSIONER SHANNON: As I understand it, they filed a Section 13 petition, didn't they, on pulpwood?

MR. HUNTER: Well, your Honor, we're not a party to that.

COMMISSIONER SHANNON: The N&W is not a party to that.

MR. HUNTER: No, we are not and neither is C&O, and, of course, this is N&W here today So, that if he's talking about the Section 13 proceeding -

COMMISSIONER SHANNON: I don't think he had that in mind. I think Mr. Jones had in mind that if they get the increase from the Interstate Commerce Commission and then the N&W and C&O were

to come in here and ask for a like increase from this Commission and get it, then how would that effect your results?

A. Well, I really don't know what the additional increase in revenue would be. I can't tell.

MR. JONES: I have no further questions.

COMMISSIONER SHANNON: Mr. Philpott?

CROSS EXAMINATION

BY MR. PHILPOTT

Q. In answering Commissioner Bradshaw's inquiry with reference to how you would arrive at this thing that you would make money, how much cost did you assign to the roving agent by virtue of his having to go to Long Island where he hasn't gone before?

A. I haven't cost out anything as far as the -

Q. So, those figures are not based on any statistical information that you have arrived at by virtue of this formula that you have used back here in arriving at your loss figure?

A. The figures that I have submitted are for Long Island business.

Q. How much do you project you would

save by eliminating the agent there?

A. Well, we wouldn't eliminate the agent. We would still have some station clerical expense.

Q. Well, I understand that. You have got a man riding up and down the road. How much cost did you assign to that man?

A. Approximately twenty-three dollars.

Q. You assigned approximately twenty-three dollars to that man?

A. No, seven dollars and eighty-three cents.

Q. Seven dollars and eighty-three cents. On what basis did you arrive at that information.

A. The seven eighty-three is a unit cost we have in Rail Form A.

COMMISSIONER SHANNON: That's just an average figure.

A. Average.

COMMISSIONER SHANNON: I mean, that's not necessarily the expense at this particular station. That's just an average figure taken from the Rail Form A formula.

A. That's exactly right.

MR. PHILPOTT

Q Average of what?

A. Average of all the station clerical expense on the N&W System. It's broken down into unit cost.

Q Well, is it the difference between the average cost for a mobile agency as opposed to a resident agent?

A. Like I said before, I don't know what the cost would be for a mobile agency.

Q Well -

A. I am only furnished costs for Long Island.

Q Really, you haven't had any experience, enough experience to arrive at the true cost basis, then, have you?

A. Yes, I have, for Long Island.

Q All right. Give me, then, the unit cost for Cullen, Aspen and Phenix.

A. I haven't cost those out.

Q Well, they are served by the mobile agent. Is that the only mobile agent you all have other than Farmville?

A. That's not the issue involved.

Long Island is the only study I made.

Q I see. Excuse me. I missed the whole point of this hearing.

MR. PHILPOTT: I have no further questions.

COMMISSIONER SHANNON: Any re-direct, Mr. Hunter?

MR. HUNTER: No, your Honor.

COMMISSIONER SHANNON: You may stand aside.

WITNESS STOOD ASIDE.

MR. HUNTER: Those are our direct witnesses, your Honor.

COMMISSIONER SHANNON: All right.

Mr. Philpott, do you or Mr. Elliott have any witnesses?

MR. ELLIOTT: Mr. Wood?

RAY WOOD,

a witness introduced on behalf of the Interveners, being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. ELLIOTT

Q State your name and business address and residence address, please, Sir.

A. Ray Wood, Long Island, Virginia.

Q Do you operate a pulpwood business at Long Island?

A. I am a dealer for Chesapeake Corporation.

Q Dealer for the Chesapeake Corporation. I believe you also were a dealer for Chesapeake Corporation at Aspen, Virginia.

A. Yes.

Q And when did you operate at Aspen, Virginia?

A. Well, actually my man quit three or four months ago and I didn't buy anything since.

Q. All right. Now, you operated at Aspen when they had a resident dealer there?

A. Yes.

Q. And now that they are served by this mobile open agency, you no longer operate there?

A. That is right.

Q. What happened to the business there after the resident agent was removed?

A. Well, it slowed down, it wasn't doing very much when the man quit, I understood.

Q. It slowed down to the point where the man that works for you left. It was no longer profitable for him?

A. That is right.

Q. And so that, well, his job disappeared as a result?

A. That's right.

Q. Where does that business going into Aspen, where does it go?

A. Well, I guess some of it went to Brookneal and possibly Phenix, maybe a small amount.

Q. And that necessitated that patron

then having to transport his wood a greater distance?

A. Right.

Q. Do you have any idea why the business went down after the resident agent was removed?

A. I think it hurts not to have a man on the scene, I really do.

Q. Was that traveling agent there every day? At Aspen?

A. I guess he was. I didn't go to town every day myself. I guess he was. I don't know.

CHAIRMAN BRADSHAW: Mr. Wood, how about describing for me your function in the community. Do you go around and talk to the people that cut pulpwood and they bring it to the yard and you buy it right there?

A. Yes, Sir.

I also buy tracts of wood and put the boys on it to cut and bring into the yard. And I pay them for it. And at the end of the week Chesapeake mails me a check.

CHAIRMAN BRADSHAW: So, you're the only person that deals with the railroad, so to speak?

A. Well, I -

Chairman Bradshaw: I mean, you might represent fifty little wood-cutters.

A. Right.

CHAIRMAN BRADSHAW: But you're the only person that deals with Chesapeake.

A. And also Chesapeake's yard manager contacts the agent, orders cars and this type of thing.

COMMISSIONER SHANNON: But you're a representative of Chesapeake Corporation?

A. Yes.

CHAIRMAN BRADSHAW: Are there others like yourself representing other industries; Continental Can or anybody?

A. Not at Long Island.

CHAIRMAN BRADSHAW: And there's a holding yard, I believe, in previous testimony, at Long Island.

A. Yes, Sir.

CHAIRMAN BRADSHAW: Is there a holding yard at Brookneal? Mr. Burkhart didn't know.

A. Westvaco has one.

COMMISSIONER SHANNON: A concentration yard.

A. Right.

CHAIRMAN BRADSHAW: All right. Can you use his holding yard?

A. No, Sir.

CHAIRMAN BRADSHAW: And he can't use yours?

A. That is right. Well, we have a, maybe a couple of car lengths that the public can load, but you have to hand-load. You couldn't get the machine to both sides. You would be crammed for space.

CHAIRMAN BRADSHAW: Is Chesapeake Corporation for or against this move?

A. I really don't know. I never talked with them about it this time. I am sure that they had rather see a man there. When their man wants to contact him, he could just step across the street.

CHAIRMAN BRADSHAW: Excuse me, Mr. Elliott. Go ahead.

MR. ELLIOTT

Q. I don't know how many people you have cutting and hauling wood for you, but from time to time those individuals have contact with the depot agent, don't they?

A. No, Sir, they don't have to. In other words, they bring the wood in there and they scale it

and unload it. In other words, I'm the one to call and see if we have racks for my convenience. It slows them down when they put it on the ground. It's better to have racks.

CHAIRMAN BRADSHAW: Has there been a shortage of racks at times?

A. Yes, Sir, you can't get them all the time. Sometimes you'll have spells you can get them pretty good; sometimes they are slow. I have about, I believe, ten or twelve cars on the ground now.

CHAIRMAN BRADSHAW: Did the local agent ever assist you in getting rack cars?

A. Yes, Sir, he has telephone communication and finds out where the local is and how many it has, this type of thing.

MR. ELLIOTT

Q. Is anybody using the Aspen Station collecting yard?

A. I believe Continental Can is loading a few cars, maybe one or two a week.

Q. This is a map of Campbell County. And you are familiar with what that portrays as far as - let me show it to Mr. Hunter.

COMMISSIONER SHANNON: Do you wish to offer that?

MR. ELLIOTT: Yes.

COMMISSIONER SHANNON: That will be received as Exhibit No. 9.

MR. ELLIOTT

Q Now, on this map, that area in the yellow there, you are familiar with that as proposed annexation area by the City of Lynchburg?

A. Yes.

MR. PHILPOTT: I didn't know we were going to get into annexation today.

MR. ELLIOTT: We have got corporations eating on us from both sides.

A. I have heard that.

MR. ELLIOTT

Q All right. Now, the southern portion of that is Long Island?

A. Right.

Q Now, isn't there a gas line that runs from somewhere in Texas to New England?

A. New York, right.

Q Where does that pass in relation to Long Island?

A. It, I would say approximately a mile west of Long Island, maybe not quite that far.

Q And, of course, the river forms the southern boundary of the County?

A. Right.

MR. ELLIOTT: That is all.

A. About three-quarters of a mile on there.

MR. ELLIOTT: Okay.

COMMISSIONER SHANNON: Is there anything further?

CHAIRMAN BRADSHAW: Is it your contention, Mr. Elliott, when the City annexes, an industrial boom will take place outside the annexed area?

MR. ELLIOTT: Your Honor, my point is that you see there that Lynchburg is eaten up in a big part of the County. And just to the east of that annexed area is B&W Corporation and Lynchburg Foundary which have acquired all the industrial area on the river. But there's going to be some witnesses here this morning to indicate substantial tracts of real estate in the Long Island area has changed hands to people who are industrial-minded which we haven't had in the past. And it is a source of railroad transportation, gas and water in that area.

CHAIRMAN BRADSHAW: All right.

MR. ELLIOTT: That is what I'm offering to show.

COMMISSIONER SHANNON: Mr. Hunter, do you want to cross examine Mr. Wood?

MR. HUNTER: Yes, Sir.

CROSS EXAMINATION

BY MR. HUNTER

Q Mr. Wood, you say you are a dealer for Chesapeake Corporation. Are you actually an employee of theirs?

A No, they pay me a commission. I work on commission.

Q I see, but you are in business for yourself. Is that correct?

A Right. You could say that, yes, Sir.

Q And are you related to the agent at Long Island?

A He's my brother.

Q The present agent is your brother?

A Right.

Q Is he also a dealer for Chesapeake Corporation?

A. No, Sir. The railroad told him he would have to not have a thing on earth to do with the pulpwood business. And the pulpwood dealers had been operating out of the Norfolk and Western station for years and years prior to the merger and after the merger for a while. And I was told to move out of the station immediately and I had to operate out of a cab of a truck until I could get an office built.

Q. Now, you have an office building in Long Island?

A. Right.

Q. And does Chesapeake Corporation also have an office building at Long Island?

A. Right.

Q. And that's separate from yours?

A. That is correct.

Q. And they also have an employee, a Chesapeake Corporation employee at their office building?

A. Right.

CHAIRMAN BRADSHAW: And he does the same thing you do?

A. No, he scales wood and they have one man to load the wood for the machine. He scales it and gives the man the ticket. He brings it up to my office and the girl in my office pays

him off.

CHAIRMAN BRADSHAW: Chesapeake doesn't have a man that does the buying just like you buy?

A. No, Sir.

MR. PHILPOTT

Q. What do you mean by "scales?" You mean he weighs it?

A. He measures the wood.

Q. Right. You all measure by stick. You don't weigh?

A. No, Sir.

MR. HUNTER

Q. Does the Chesapeake Corporation man buy the wood from you?

A. No. I get my check from West Point out of the mill.

Q. I see.

A. When the cars get down there, they drop a check in the mail.

Q. I see.

But as far as ordering cars from the railroad, dealings with the railroad as far as billings and cars and things, that would be strictly between you and the railroad?

A. No.

Q. Or would it be the Chesapeake man and the railroad?

A. The yard manager for Chesapeake.

Q. It's between the yard man for the Chesapeake Corporation?

A. Right.

Q. And the railroad?

A. Right.

Q. And the other people who cut wood out in the county, they actually cut the wood and then they bring the wood in to you.

A. To the yard.

Q. To the yard there?

A. Right.

Q. But they don't deal with the railroad. Is that what you said?

A. No.

Q. Well, they don't order cars?

A. That is correct.

Q. And they don't have to have any shipping documents with the railroad?

A. No.

Q. And so they don't have to deal with

the railroad agent?

A. Right. The yard manager and, of course, -

COMMISSIONER SHANNON: Who makes the bill of lading, Mr. Wood?

A. The agent.

COMMISSIONER SHANNON: The agent makes it and it is signed by the yard manager?

A. The yard manager gives him the car numbers that are loaded and he bills them.

COMMISSIONER SHANNON: And it is forwarded on a collect basis?

A. Yes, Sir.

COMMISSIONER SHANNON: They pay at West Point.

A. Right.

MR. HUNTER

Q. And the cars are also weighed at West Point, aren't they?

A. No, Sir.

Q. They are not?

A. No, Sir.

Q. Isn't the rate figured at destination?

A. They stick-measure it.

Q. But isn't the amount of money that Chesapeake actually pays figured at West Point?

A. Right. They compute it at West Point.

Q. All right.

A. But they don't weigh it.

Q. So, it's not weighed any where?

A. That's right.

Q. Isn't it true that some of the shipments of your wood go to Westvaco at Covington?

A. Wherever Chesapeake wants to send it. If they want to swap hard wood for pine, then some of it might. Some goes to Union Camp.

Q. Some of the shipments from Long Island of the wood that you buy and is destined for Chesapeake can actually, on occasion, has been sent to other companies?

A. Right.

Q. To Westvaco and Union Camp.

A. That is correct.

Q. And are you aware that your brother has seniority and can take other jobs including the actual mobile agent job, so that he would in fact be the one serving Long Island?

A. Yes, I'm aware of that.

Q. And do you work at Long Island?

A. I work at Long Island, Blairs, Gretna, anywhere I'm needed. I buy stumpies from those places.

Q. And you have a girl that works at Long Island?

A. Yes.

Q. Is that correct?

A. Yes it is.

Q. And is it correct that you have been having trouble hiring people to fill your positions at Aspen?

A. Yes.

Q. You have been having trouble finding an employee?

A. Right.

Q. And you're not speaking today for Chesapeake Corporation. Is that correct?

A. That is correct.

Q. You don't have authority to speak for Chesapeake Corporation?

A. I'm speaking for myself.

Q. For yourself.

A. Yes.

CHAIRMAN BRADSHAW: You can speak for your brother, can't you?

(laughter)

MR. HUNTER: All right. Thank you, Mr. Wood. That is all that I have.

COMMISSIONER SHANNON: Mr. Wood, before you step down, tell me, what other concentration yards. You say there's one at Brookneal. Is that Westvaco?

A. Yes, Sir.

COMMISSIONER SHANNON: And then there's one over on the C&O, Kelly, I believe, isn't there?

A. Yes, Sir.

COMMISSIONER SHANNON: Where else in the area?

A. We have one at Gladys.

COMMISSIONER SHANNON: Now, where is Gladys? On the N&W?

A. Yes, Sir.

MR. HUNTER: It's on the north-south line.

COMMISSIONER SHANNON: I see.

Do you have any questions, Mr. Jones?

MR. JONES: No, Sir.

COMMISSIONER SHANNON: You may stand aside.

WITNESS STOOD ASIDE.

COMMISSIONER SHANNON: All right, call your next witness, Mr. Elliott.

MR. ELLIOTT: Mr. Simpson?

RUSSELL R. SIMPSON,

a witness introduced on behalf of the Interveners, being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. ELLIOTT

Q. Mr. Simpson, would you state your name and address for the record, please.

A. Russell R. Simpson, Long Island, Virginia.

Q. And what is your business, Mr. Simpson.

A. I'm a farmer.

Q. So the Commission will understand, tell them something about the nature of your farming business.

A. Well, we cattle-farm mostly and we have corn and wheat. Some years we grow some grain and it's not so profitable but we have to grow it again next year. Like the Long Island station, it's not as profitable sometimes as it is at others.

And my son has bought, in fact of the

business, most of what you call Long Island. And we have been looking for industry for years and been hoping we can get them. We have got one now that we are working on and we are hoping to get there but we haven't got it yet. And we have another new-comer at Long Island, Mr. Britt.

Q. I believe he came from down in the Suffolk area.

A. He came from the Suffolk area. He raises hogs and sheep and corn. And the two together, we have over a million dollars invested in land there. And we hope it's going to pay, be profitable in this section which cattle, we are getting a right good price for it now.

Q. Do you all do any exporting or importing of cattle from abroad?

A. We have, yes, we have a bull that was exported from Germany. He's a Semmintal Fleckvisch, I believe they call it, bull. He was exported from Germany and he cost twenty-two thousand two hundred and fifty dollars. That looks like a lot, but we are hoping to sell semen from this bull, and we are already selling it, in fact.

These boys that came down here, we have eleven hundred beef cattle, just the ones that came down

here in our car. There are three of us besides myself.

Q. Do you all anticipate in the future making any efforts or plans to load and unload livestock from Long Island?

A. We hope so, yes. We hope we can.

I understand that a foreign country is in demand of goods, we will breed livestock, and we have a load pen and we could load them at Long Island and send them to Norfolk and export them to Europe or wherever they go, any foreign country.

MR. ELLIOTT: That is all.

CROSS EXAMINATION

BY MR. PHILPOTT

Q. Mr. Simpson, what present use do you, I believe you live in Pittsylvania County?

A. I live in Pittsylvania County.

Q. What's the name of the community you live in?

A. Straighstone.

Q. Now, how far is this actually from Long Island?

A. It's five miles.

Q. And this is the nearest rail facility to you all. Is that correct?

A. Yes, it's seventeen miles to Gretna.

And if we haul pulpwood to Gretna, it would cost us two dollars a cord more for hauling.

Q. Is there a considerable amount of pulpwood produced in your, in that area over there?

A. I expect Pittsylvania County is the leader. We get a little out of Halifax, right much out of Campbell County, but Pittsylvania County will lead in pulpwood.

Q. You mean in pulpwood being shipped through Long Island?

A. Through Long Island, yes, Sir.

Q. Now, you indicated that you and your son and some other people there have bought extensive acreage around the Long Island area there, particularly around the railroad area?

A. Yes.

Q. I gather it's your view you're going to seek to develop it industrially?

A. We hope so. That has been our idea for years. We almost had one one time, but one farmer backed out on us.

Q. Do you feel that having the station there open with a resident agent would make it more easier to entice somebody to come in there and establish an

industry?

A. Sure, the first thing they say is, "Do you have an agent there?" And we say, "No, we don't have an agent." The newcomer of industry wouldn't even look at, if you don't have an agency at the station.

Q. Do you have available labor in that station.

A. We have a surplus of labor, I would say.

Q. Are you familiar with the farm marketing program, Mr. Simpson, that is being developed by Farm Bureau and some of the other farm organizations wherein they are trying to develop this marketing between the cattle producers here and the feeders out in Ohio and Indiana and so forth?

A. Yes.

Q. If we were able to produce that program, to get that program off its feet, get it moving, could we use the railroad for that purpose, or could you all use the railroad down there for that purpose?

A. We sure could. As a matter of fact, selling beef on the hock, as they call it, just dress and chill it, and all we have to have is a refrigerated car. It would be a central loading point for that whole

area. We grow a lot of beef cattle there. And it could be, on this thing you are talking about, would be instead of selling the live cattle to market, you would sell it as a dressed carcass. I hope we get it through. If we do, Long Island would be the center of loading places.

MR. PHILPOTT: I have no further questions.

5 COMMISSIONER SHANNON: Mr. Hunter?

CROSS EXAMINATION

BY MR. HUNTER

Q. Mr. Simpson, is it correct that in the last few years you have not shipped or received anything by the railroad at Long Island?

A. I haven't for several years, but I get Ray to do it if I have anything to sell, I'll contact him.

COMMISSIONER SHANNON: And is that Mr. Wood?

A. That's Mr. Wood.

MR. HUNTER: The previous witness.

A. Mr. Wood, this Mr. Wood or the agent as the usual thing. But the last few years the agent don't want to, they say you can't talk with him about pulpwood. I have to see this boy. They run him out

of the pulpwood business there.

MR. HUNTER

Q So, you pay no freight charges to the railroad. Is that correct?

A. No.

Q That's not correct?

A. I do not.

I used to handle lime. I sold lime for years and I did with the agent there then.

Q But in the last few years, you have signed no single document with the railroad?

A. No, Sir.

Q You testified in previous cases, I believe. You were here in 1971.

A. Yes.

Q In the Long Island proposal.

A. Yes.

Q And you were here in 1969 in the Long Island case?

A. Yes, Sir.

Q Were you also here in the one before that in the one before that in 1966?

A. Yes, Sir. I have been to every one, I think.

MR. PHILPOTT: That shows you all are persistent, I will say that.

CHAIRMAN BRADSHAW: It also shows the Commission is consistent, the previous Commission.

MR. HUNTER

Q In each of those cases, you made reference to this possible industrial development, did you not?

A. Yes, Sir.

Q And isn't it true that subsequent to each of your appearances here that the industrial development that you projected did not materialize in the Long Island area?

A. We haven't had any, but I can propose another one.

This scenic river (indicating brochure) they hope will get by and if we do that will start things at Long Island and go to Brookneal.

Q Is that the one where you are going to have canoe races from Long Island -

A. Yes. Canoe races, the Hiawatha Club, the Canoe Club has been in there and they have made a study. And the Commissioner of Game and Fisheries has made a study of the river. And we have had speakers

there and they say it's ideal.

Q For canoe races?

A. For canoe races right in there and we will have people and canoe races and we will have a big attraction. And tourists, we hope,will come in there and I don't know what all from there.

Q But the tourists won't come in by railroad, will they?

A. They will not come in by railroad.

Q All right, Sir.

A. But that will attract something else.

Q When you talk about industrial development, Sir, are you talking about Pittsylvania County, where you live?

A. I am a member of a Pittsylvania County Development Association.

Q So, you are talking about development in Pittsylvania County?

A. That's right. We have got two or three plants east of Danville; two at Chatham and one at Altavista. And on the board, you serve on the board, I have given all them fellows over there a little lead. Now, I'm asking a little lead for Long Island. Do you understand?

Q You are talking about Pittsylvania County near the Long Island Station. Is that correct?

A. Yes.

Q Now, isn't it true that that area you are talking about is on the other side of the river from the Long Island station?

A. That is right.

Q And isn't it true that there is no, that the N&W Railroad through that area is on the Long Island side of the river?

A. That is right.

Q It is not on the Pittsylvania County side of the river.

A. That is right.

Q So, there wouldn't be any rail sidings or service over on the other side of the river.

A. It will be, I represent Pittsylvania County, but if I ask for it, it will be Campbell County. I will ask for it on the river, on the gas line, on the railroad.

Q I see.

A. It will draw, the people will be from Pittsylvania County. It will support Pittsylvania County.

Q Have you worked with Mr. Craghead or Mr. Charles Hunter of the Railroad, Industrial Development Department, before?

A. I have worked with Mr. Hunter very extensively when we were trying to get Kodak into Long Island.

Q Was he helpful to you? Or was he cooperative with you?

A. He was very cooperative.

I have been unable to contact Mr. Hunter lately. Is he with the N&W?

Q Yes, Sir, although he has been promoted.

A. Oh, yes.

Q To a different position.

A. I have been trying to contact him.

Q Now, you said that you live five miles from Long Island?

A. Yes.

Q South of that, over the river in Pittsylvania.

A. Right.

Q And you said your alternative rail service is seventeen miles over to Gretna?

A. Yes, Sir.

Q. Now, isn't it true that Gretna is a non-agency station, that there is not an agent presently on duty at Gretna?

A. I'm not aware of the fact. I'm not sure. I don't know.

Q. Do you understand that under this proposal the train service, the track facilities will remain the same?

A. I understand that.

Q. So, that you can still go your five miles to Long Island and ship whatever you want?

A. Yes, Sir, but if the man is not there, or if the agent is not there, what am I going to do? Sit down and wait for him?

Q. Well, you said that you don't wait for him now. Isn't it true that you now contact somebody else? You deal with Mr. Woods, Ray Wood?

A. On pulpwood. Supposing I want a carload of potash.

Q. Did you hear that you could call the Brookneal agency and arrange to have whatever you want brought to you on the railway service?

A. Potash is being shipped into

Long Island and a lot of lime and we will be getting, my son and I, a car of lime real soon.

Q. Do you understand that if you started shipping this cattle to Norfolk that that will still be possible under this proposal?

A. I hope so.

Q. Train service will remain the same.

A. I hope so.

Q. Well, now, do you presently have any dealings with the agent at Long Island, Sir? You say you don't ship and you don't pay railroad, and you don't execute bills of lading or anything. Do you have any dealings with the agent at Long Island?

A. Yes, Sir.

Q. What do you and he, I mean business-wise? What contact do you have with the agent?

A. Well, I own land on this side of the railroad, I own land on each side, and I have to put cattle across real often. And I have to go in there and ask if the train is coming and he gives me the time on it. Sometimes I wait a good while before I put them across because if there is a train nearby and you start out with a hundred head of cattle, you don't know how long you are going to be crossing the tracks.

Q You are talking now about land you own in Campbell County?

A. Yes, Sir, in Campbell County.

Q I see.

And you contact the agent to find out when the trains are coming?

A. That's right, yes.

Q How do you contact him?

A. I just walk in the station.

Q I see.

And you find out what time the trains are coming?

A. No, Sir, he tells me whether they are coming or not. If there is nothing coming in an hour I will put them across. If it's anything close, I won't start until the train goes by or I get a gap.

Q Isn't it true that most of the trains through that area are run at night when the agent is not there?

A. I don't think so. It looks like to me a lot of them run in the daytime. They kill my cattle in the daytime.

Q They kill your cattle even if the agent is there. Is that correct?

A. Yes, he was out there flagging, actually flagging the train. The agent was flagging and the pulpwood people and all of them, and the local came in there and didn't have but six cars.

Q. But even with the agent there, the present station arrangements with the agent telling you when the trains come or whatever you need him for, your cows still get hit?

A. Yes, Sir, I've got affidavits if you want to read it here. I wrote a letter asking that you be required to fix the fence. They won't let us fix it. As I understand it, we can't go up there and fix it. They have to fix it. That's on their property.

CHAIRMAN BRADSHAW: Oh, the railroad fence?

A. Yes, Sir. That is right. And we have asked them. I have letters here that, I want you all to pardon me. I have had eye trouble, taken cataracts off and I can't hardly see. I don't have but one eye. I will get you to read them, Mr. Philpott or somebody to read these letters.

MR. HUNTER

Q. What are these? You have answered the question.

A. These are letters that I requested -

COMMISSIONER SHANNON: You requested the Railroad to fix the fence.

A. I have requested, yes, I would like for somebody to read them.

CHAIRMAN BRADSHAW: It looks like you are laying the foundation for a good negligent suit.

COMMISSIONER SHANNON: Did they ever pay you for your cattle, Mr. Simpson?

A. They will pay six months afterwards. When you threaten them with a lawsuit or lawyer saying, "If you don't settle for the cow, I will have no alternative but to go to a lawyer." And they will come down and see me.

They have killed, I want to tell you how many they have killed, they have killed twelve cows in the last five years.

MR. HUNTER

Q. Well, the present agency situation that we are seeking to change has not prevented you from having trouble over in this area, has it?

A. No, Sir. They got it in for me and the agent both. They think I am protecting the agent. And they seem to think so. I don't get any response to the

letters, there's copies of the letters I have wrote them, and I have never had one reply. I wrote to my Congressman in Washington and I heard from him in a week. He answered the letter with all the sympathy in the world. But I cannot get one answer from Mr. Anglen or anybody, the road foreman, I can't think of his name, the road foreman or the superintendent or anybody else. They never answer or acknowledge your letter.

Q. That's under the present situation? That's the way it has been for years with the present stationary agent?

A. Right now, yes, Sir.

Q. Has it occurred to you that the mobile agent might be able to get whatever fixed you want fixed?

A. I don't see where the mobile agent can help me any when he would be away part of the time. My agent does all he can to assist us all, all of the farmers, not only me.

CHAIRMAN BRADSHAW: Does he get out there and help you put up a fence?

MR. PHILPOTT: In case you want to read these, I will pass them up to you.

COMMISSIONER SHANNON: We will look at

them. I really don't think they are germaine to the issue here, but we will look at them.

Mr. Anglen is sitting back here in the back of the room, I see. Maybe you can corner him before you leave here today.

I have met Mr. Anglen before and Mr. Anglen don't seem to have anything at Long Island, he wants to give to Long Island.

NOTE: Commission returning letters to witness.

Thank you.

MR. HUNTER

Q Does the agent perform cattle nofification services for other farmers in the area?

A. I didn't grasp that question, please.

Q Do you know whether the agent now tells other farmers about when the train in coming?

A. I'm not sure about that, but there is a farm right up above me that their cattle have been killed, west of me, in recent years.

Q Yes. Well, isn't it true though that some of these cattle that have been killed, have been killed after the agent's working hours?

A. I'm not aware of that. I'm not sure.

Q Well, your letter referred to 7:00 O'clock at night.

A. That is right, yes. I didn't know it until the next morning.

Q Can you not call the Brookneal agency just to find out what the train schedule is, rather than having to walk over there to the agency at Long Island?

A. That's a pay phone. From my house, it would be pay to call there. And I'm down there most every day or two.

MR. HUNTER: All right.

Thank you, Mr. Simpson.

RE-DIRECT EXAMINATION

BY MR. PHILPOTT

Q Mr. Simpson, talking about those cows, the ones you are complaining about being killed were not killed while in the process of being moved by you across the railroad.

A. No, Sir.

Q These were killed because the railroad didn't maintain their fence and the cows got out. Isn't that right?

A. Yes, Sir.

Q Isn't that your position?

A. That's my position, yes, Sir.

Q. All right, Sir.

COMMISSIONER SHANNON: Any questions, Mr. Jones?

MR. JONES: No, your Honor.

COMMISSIONER SHANNON: You may stand aside. Thank you for coming, Mr. Simpson.

A. Thank you.

I just want to say all of us are supporting this and we have names and their farms, tobacco farms, and they said, "We have been down there and we had rather sign this," and we didn't require a whole bus load.

COMMISSIONER SHANNON: Well, you're a good spokesman, Mr. Simpson.

A. Thank you.

WITNESS STOOD ASIDE.

COMMISSIONER SHANNON: Mr. Elliott?

MR. ELLIOTT: We don't have any other witnesses, just those gentlemen that are sitting back there in that section, who were fortunate enough to come here today, and I understand that they all are opposed.

CHAIRMAN BRADSHAW: Do they have business with the railroad?

COMMISSIONER SHANNON: Why don't you just have them give their name to the Bailiff after the hearing, so we can get their name in the record as appearing down here. I think that would be the proper procedure.

Is there anything further as far as this case is concerned?

MR. HUNTER: Well, your Honor, I have submitted a statement of Counsel which I would like to have admitted into the record.

COMMISSIONER SHANNON: I have your statement.

MR. HUNTER: You don't want me to read it, do you?

COMMISSIONER SHANNON: Your statement can be copied into the record, not as testimony

or evidence but as argument of Counsel.

MR. HUNTER: Argument of Counsel.

Well, there's no question about that.

In this proceeding the Norfolk and Western Railway Company seeks authority to modify agency service at its Long Island, Virginia, station by providing service through the mobile agency route presently based at Brookneal, Virginia. This proposal is based on two factors: (1) Long Island does not generate enough work to justify a full-time agent; and (2) the present mobile agent does not have enough work to operate efficiently. By extending the mobile agency route to Long Island, the railroad will be able to correct present inefficiencies while continuing to provide necessary and personal agency service to Long Island patrons.

I.

Something must be done about Long Island. As Witness Burkhart has shown (pp. 3-4) the station was constructed for a different era when passengers and LCL shipments depended upon rail service. With modern highways and computers, the fixed station agent is becoming unnecessary:

> "Public interest and convenience is the basic criterion applied as railroads attempt to abandon small stations that were constructed when highways still gasped in summer dust and surrendered to winter mud. Stations were required in that era, but obsolescence has been upon them for a generation." A.J.G. Priest, Principles of Public Utility Regulation, pp. 400-401.

This trend is especially true of the Long Island station which was built in a small, rural community in 1913. Throughout the years the need for an agent has declined to the point where most of the time is now spent idle. The amount of time necessary to be devoted to the performance of duties by an agent is an important factor in these cases. Application of Chicago, B. & Q. R.R. Co., 138 N.W. 2d 816, 820 (Neb. 1965). At Long Island little agency work exists. Virtually all of the traffic is outbound pulpwood which moves on a collect forwarded basis in repetitive patterns without seals. Patrons at Long Island require less than one hour of agency service a day. On each of the time study days the agent had between 6 and 7 hours with absolutely no function to perform

(Witness Burkhart, p. 5). No public service requires such flagrant featherbedding.

Business at Long Island has decreased. Carloads in the last three years have been 524 in 1970, 474 in 1971 and 377 in 1972. The number of users of rail service at Long Island is exceptionally limited. Of the 377 cars in 1972 one shipper accounted for 372 carloads. Similarly, one commodity -- outbound pulpwood -- dominates the statistics. In short, Long Island patrons make very limited use of the existing rail service.

While business declines, the cost of maintaining an agent at Long Island continues to increase annually with each union wage agreement. In 1972 the expense was $11,740.21 and the 1973 projection is $13,266.74 (Witness Burkhart, p. 6). In view of the fact that the agent performs little function this expense is essentially wasted.

In addition to the fact that little public purpose is served by the present arrangement, having an agent at Long Island is causing applicant to lose money on this traffic. In addition to the basic expenses of maintaining the agency, there are obviously other costs incurred on Long Island traffic. The crews on the trains handling this traffic must be paid, the cars used for this traffic must be purchased, the tracks used

for this traffic must be maintained, etc. The expenses are known to occur and each station should bear its proportionate share of such expenses. City of Caraway v. Arkansas Commerce Commission, 453 S.W. 2d 722, 727 (Ark. 1970). In fact, one court has held that its Commission acted arbitrarily and capriciously in holding that no line-haul expenses could be charged to an agency. New Orleans & N.E.R. Co. v. Town of Heidelberg, 194 So. 2d 866, 867 (Miss. 1967).

In most station cases, ascertaining the costs of the traffic handled is not practical. Because there would normally be so many different shippers, receivers, commodities and routes, it is difficult to obtain a representative sample for costing purposes and it would not be feasible to make many individual cost studies. Long Island presents a different situation. With essentially one shipper, one commodity and one major route, a cost study could be conducted without encountering sampling problems. Of the 377 cars in 1972, 299 (or 79%) were pulpwood from Long Island to West Point, Virginia, via an interchange with Southern Railway at Burkeville, Virginia. NW costs on these shipments were developed by Witness Weber.

The result of studying NW costs on this 79% of Long Island traffic was the conclusion that $13.33 was being lost on each car. This was below the variable cost level. The

deficit at the fully allocated level would be much greater. A principal reason for this deficit result is the actual expense of maintaining the full-time agent at Long Island. Therefore, requiring the applicant to perpetuate the present agency situation would result in continuance of a deficit operation. However, such a confiscatory result would encounter Constitutional problems:

> "That a public service corporation cannot be compelled to consume its property in public service, and thus be forced to submit to confiscation, appears to be perfectly well settled." City of Portsmouth v. Virginia Ry. & Power Co., 141 Va. 44, 126 S.E. 366, 368 (1925).

Because of the obsolescence of the Long Island operation, the lack of public demand for its services, the increasing cost of maintaining the agency, the declining business and the confiscatory result of continuing the agency, some change in the Long Island operation is imperative. Maintainance of a full-time agent at Long Island cannot be justified.

II.

In many cases a small, inefficient agency like Long Island would simply be closed. But having a mobile agency route nearby allows applicant to correct the present wasteful situation while continuing personal agency service to Long Island. Extending the Brookneal mobile agency to the Long

Island area would also simultaneously correct the present lack of work for the mobile agent.

The mobile agency concept is sound. In recent years a number of railroads throughout the industry have successfully tested this theory of station operation. This Commission is on record as favoring the basic concept of mobile agencies:

> "The Commission takes official notice of the fact that the new mobile agency operation has proved satisfactory in Virginia. It is being used with success by the four largest Virginia railroads to eliminate unproductive man hours without curtailing the service required by public patrons." SCC Case No. L-413, p. 3.

In considering any specific mobile agency plan the key elements would be the mileage covered and the carloads to be handled. Both of these factors relate to whether the mobile agent will have sufficient time to serve the customers. By both of these measures the proposed extension of the Brookneal mobile agency to Long Island would be entirely feasible. Round trip mileage would be only 82 miles as compared with 121 in NW's Farmville mobile agency, 137 in SCL's plan, 95 in the C&O plan and 119 in the Southern plan. Several railroads have thus proved that mobile agencies are workable over greater distances than in the Long Island proposal.

Only four open agencies would be served whereas several other Virginia plans cover five and even six open agencies. In addition, the average number of cars handled in the Long Island proposal would be only 3 per day. This would be far less shipments per day than are presently being handled by the SCL (15), the C&O (14), the Southern (11) and the NW (14 at Farmville). In summary, other mobile agencies in Virginia are presently successfully covering more open stations and more mileage to handle more work per day than in the proposed Long Island plan. Under these circumstances the extension of the Brookneal mobile agency to encompass Long Island cannot be considered in any way unreasonable. It should also be noted that this proposal would have the beneficial effect of moving the base station, Brookneal, from its present position on the western end of the mobile agency route toward a more central location. SCC Case No. L-413, p. 2.

Reasonable agency service will be provided to the patrons at Long Island. Toll-free telephone service will be established for the patrons. Personal agency service will be provided by the mobile agent who will travel to the patrons each working day. Train service and track facilities will not be changed as a result of this proposal. A full-time agent will remain on duty at the headquarters station at Brookneal.

Long Island will remain listed as an open station with no changes being required in the present credit procedures. Under the circumstances the few rail patrons at Long Island will be provided with reasonable agency service.

The Commission should permit the applicant to proceed with this logical proposal to streamline its agency operations in the Long Island-Brookneal area.

Respectfully submitted,

Peter J. Hunter, Jr.

Peter J. Hunter, Jr.

July 19, 1973

COMMISSIONER SHANNON: Mr. Philpott, do you have any closing comments?

MR. PHILPOTT: I don't want to say very much, if it please the members of the Commission, except, obviously, if you are going to keep bringing them down here every year that you are finally going to wear these people down. And the railroad is in a much better position to do that than the people are to keep coming.

Mr. Hunter, I believe, stays down here. Every time I come down here, he's here. I don't know whether he goes to Roanoke or not.

But a couple of things that were somewhat, it sounded to me, in the presentation of the case the railroad comes in with expert witness, who is Mr. Weber, and who, obviously a very knowledgeable gentlemen, and gives you cost projections and shows a loss when you maintain the Long Island railroad. And he says that if you do it one way, you can turn that into a profit. But, yet, he can't give you any figures as to how he arrives at that. And when I asked him what the cost of the service of the mobile agency was versus the cost of the resident agent, he didn't know. He hadn't developed

those figures, but he can tell us if you do it one way you will arrive at a profit-making factor at this point.

I submit to you that if he's going to be truly objective in his presentation, then, of course, he should have had some projection for each of those cost figures based on actual, what it would cost as far as Long Island is concerned and the railroad knows that. The railroad knows that now.

I would suggest to you, also, that you inquire and look into the testimony of Mr. Burkhart. When he was talking about the mobile agent who was going to travel from Brookneal, remember now, Brookneal is on the other side, I mean Long Island is on the other side of Brookneal from Aspen, Cullen and Phenix, you see. He's got that extended that much further, but it's in a different direction; it's north and the others are southeast.

And he indicated on there, and as I recall in this hearing previously, that the man was going to visit these areas each day. Now, according to their testimony and according to

Mr. Woods' testimony, they are visiting. But, according to Mr. Burkhart's testimony here as recorded, it doesn't appear that they are obligated to visit these areas each day.

Now, there's a very big difference between visiting when necessary and visiting each day. Because it's very obvious except for the fact that Mr. Wood, who handles all the purchases in the Long Island area, who had to close down his operation in Aspen, it is obvious that if you didn't have him around, you would have utter chaos. And as long as Mr. Wood stays in business there, maybe you can serve these four hundred wood-cutters who bring in their wood, their pulpwood and Mr. Wood handles it for them. But when Mr. Wood is not there, what's going to happen to them.

Now, Gentlemen, it must be obvious that a mobile unit is not, in spite of all the self-serving testimony from Mr. Burkhart, is not going to perform the service to those people there and generate the confidence in the railroad that a resident agent is. And I submit to you if the railroad keeps on going at the rate they are going, they are going to end up with a long haul, from

Roanoke to Norfolk and from Roanoke to Winston Salem and there's not going to be anything in between because everybody is going to be shipping by truck because they can't get any service out of the railroad and the trucks are coming right to them and picking them up.

COMMISSIONER SHANNON: Mr. Elliott?

MR. ELLIOTT: I just want to briefly point out to the Commission that if you examine that map, you will see the City of Lynchburg has taken twenty-three square miles, or propose to take, of Campbell County.

The industrial area left in Campbell County to the North is being occupied right now and under construction a fifteen million dollar plant there, on the North where they have the railroad and water.

The only place left in Campbell County with water and railroad, and gas to be developed. There is this stretch of land from Altavista to Brookneal and Long Island is in the center of. And Campbell County is growing at the rate of from fifteen hundred to two thousand people a year and there's plenty of labor there. And I know

for a fact that several industries have looked at this area.

While I can sympathize with the railroad somewhat, but I am confident that they are premature in seeking to close this thing at this time.

COMMISSIONER SHANNON: Mr. Jones?

MR. JONES: Yes, your Honor. I just wanted to reiterate that statistics show that in 1972 ninety-eight percent of the cars handled out of Long Island were shipped by Chesapeake, and we have heard no opposition from Chesapeake.

Furthermore, our office would object, pending approval if the application were granted, our office would object to moving the base from Brookneal to Long Island on the basis that notice has not been served upon the people connected with the Town of Brookneal.

COMMISSIONER SHANNON: All right.

MR. HUNTER: Your Honor, I think I have the right to close.

COMMISSIONER SHANNON: All right. You may close.

MR. HUNTER: Your Honors, in this case we are seeking the same thing which has been

proved successful in Virginia by every other major railroad in Virginia. Even under our proposal, we will have less mileage than any other mobile agency in Virginia. We will have less business. We have about twenty-five percent of the business to be handled as compared with the other mobile agencies which are successfully operating in the State of Virginia.

Under those circumstances, I don't see how anybody can say that this mobile agency proposal would be too long or entail too much work. If the other ones are reasonable, ours must be considered reasonable; it's shorter and smaller. And that's even with adding Long Island in.

Now, as far as Long Island is concerned, there is essentially one shipper there. And today we are talking about how the railroad and that one large shipper are going to handle their paper work. We will still have the same tracks, the same trains will run through there. We are only talking about railroad paper work with one shipper and that shipper is not here opposing this.

Now, if that shipper is not concerned

enough about how his paper work is going to be handled to oppose us, we honestly don't understand why people who don't use railroad service are here trying to stop us from making an economical proposal that will continue train service to their area. I can see them being concerned if we were taking the tracks out. This is not an abandonment case.

CHAIRMAN BRADSHAW: I hate to stop argument, Mr. Hunter, but does the shipper know that you are here today?

MR. HUNTER: Yes, Sir.

CHAIRMAN BRADSHAW: Well, that wasn't in the evidence.

MR. HUNTER: Well, Mr. Burkhart said that Mr. Anglen had talked to the shipper.

CHAIRMAN BRADSHAW: He said that he thought he had.

MR. HUNTER: He said he had.

CHAIRMAN BRADSHAW: He said he thought somebody else, if I understood the testimony -

MR. HUNTER: He said Mr. Anglen, our Superintendent had talked to Chesapeake Corporation.

CHAIRMAN BRADSHAW: I stand corrected.

But they were neither for nor against it?

He didn't know if they were for or against it.

MR. HUNTER: Well, they are not. They are not for or against it. I mean, they are not taking any position and their non-appearance here says that. I mean they don't have a letter either way, certainly.

CHAIRMAN BRADSHAW: Well, when you say someone is not opposing it, that sounds like they are in favor of it.

MR. HUNTER: No, I didn't say, well, I certainly didn't mean that, and I didn't say that they were in favor of it. I did not. I didn't say that. I was careful not to say they were in favor of it.

CHAIRMAN BRADSHAW: You said they were not opposed to it, which I think that implies being in favor of it.

MR. HUNTER: Well, no, Sir, they are not, as far as I know, and as far as this record shows, they are taking no position.

CHAIRMAN BRADSHAW: All right.

MR. HUNTER: But they are not here opposing us today. That is an accurate statement.

And that is the main question. How Chesapeake and N&W are going to handle the paper work.

Now, we don't feel that having an agent at a particular place along our railroad should be in any way determined by taking a poll or vote in that area of the people who don't use railroad service.

Mr. Burkhart's testimony is not self-serving. It contains facts; facts as to mileages, facts as to number of carloads, number of shippers. Those are facts. Now, if they help our case, and Counsel calls them "self-serving", they do help our case because there are very few carloads and very few shippers. But they are facts.

And the information as to the other mobile agencies, the information as to the time study where he studies an entire day, those are facts. And to the extent that they help our case, they might be self-serving, but they are facts. And it's been tested under cross examination.

With regard to Mr. Weber's testimony, he has shown that we are losing money. On last year's traffic to Long Island, we lost money. On every car that was shipped out of there, we

lost money. And that is mainly because of the thirty-one dollars per car for station clerical expense of each car, even though there is very work to be done on it. That's versus the seven dollars that Rail Form A unit cost would have.

Now, if we didn't have the agent there, we would drop down that twenty-three dollars and turn a thirteen dollar deficit into a ten dollar profit. That's under last year's statement not counting the increases in cost even on this year.

Now, as far as the cost of the mobile agency, Mr. Weber didn't cost that but he testified that we would use the seven eighty-three unit cost, which is in the Rail Form A and a very standard usage for station clerical expense, if we were costing out the agency expense on a shipment on the mobile agency. So, he did have the figure that was used. And that's the explanation there.

CHAIRMAN BRADSHAW: So, the total saving then would be the twenty-three times the number of shipments?

MR. HUNTER: Twenty-three dollars a car is the difference, Sir, between the unit cost, which

is a system average, versus which we actually had to spend last year. It cost us twenty-three dollars more a car so that when we had a thirteen dollar total deficit, if we subtracted that we would have a ten dollar profit. That's of the twenty-three dollars; thirteen below versus the ten profit.

CHAIRMAN BRADSHAW: I'm multiplying that, eight thousand and some dollars?

MR. HUNTER: Yes, Sir.

Finally, with regard to industrial development, this is the fourth time we have been here. And we thinkit will be the last time we're going to come down here. But people have been promising us every time that there's going to be industrial development in this area. And everytime we come, business is less and less. So, the result now is the number of shippers has gone down almost to one. The number of carloads has fallen in 1970, 1971, 1972 and even in 1973 it is down again. Every year business goes down and every year we hear the same promises about industrial development. It's the fourth time we have been here and we think we have waited long enough for their promises which

have never materialized. But even if they do materialize some time in the future; one, the mobile agent can serve any new industry that come there. He's got plenty of time to do that on his testimony here. And, two, any order that this Commission issues now is like any other area of continuing jurisdiction of the Commission subject to change at some future date. And if some massive plant came in there that required some changes, and if the railroad didn't make whatever changes that were required, this Commission can always order that sometime in the future, if these promises materialize.

So, we don't think that should be any objection at this time and we think we should be allowed now to go ahead with this. We have waited long enough.

Thank you.

COMMISSIONER SHANNON: The Commission will take this matter under advisement. And, if there's nothing further, the Commission will take this case under advisement and stand recessed until 1:45 when we have another case to be heard.

12:05 P. M.

NORFOLK AND WESTERN RAILWAY COMPANY

TIME STUDY - LONG ISLAND, VIRGINIA

MAY 15, 1973

(Shown in Minutes)

	Company Business	Patron Business	
Telephone	14	6	(Rate & quotations)
Post Office	16		
Dusting & Sweeping	8		
Listing Cars		3	
Posting Demurrage Records		3	
Preparing AD-511	2		
Weekly Loading Report	3		
Opening Mail	1		
Filing Supt. Report	1		
Deliver Memo Outbound Bills to Consignee		3	
Checking Passing Trains	12		
Patron checking on rates		4	
Patron - when local will pick up		5	
AD-460 Transmittal	2		
Checking with Patron on empty		4	
Preparing CT-266 Car Order		2	
Typing & Mailing rates to Patron		5	
Preparing Outbound Waybill		5	
	59	40	

480
99 - 1 hr. 39 min. work

381 - 6 hrs.21 min. idle

NORFOLK AND WESTERN RAILWAY COMPANY

TIME STUDY - LONG ISLAND, VIRGINIA

June 29, 1973

(Shown in Minutes)

	Company Business	Patron Business
Telephone	7	1
Post Office	14	
Dusting & Sweeping	2	
Listing Cars		4
Posting demurrage records		2
Preparing AD-511 (Cars handled report)	1	
Post Car Record Book	3	
Prepare Car Order Report - CT 266		2
Opening Mail	1	
Checking Passing Trains	3	
Checking with patron on car requirements and advising availability of empties		8
Prepare waybill	1	
Type envelope	1	
Prepare outbound waybill		5
Check to see if farmer's cow pasture gates were closed		9
	33	31

Total - 480 minutes
64 minutes - 1 hour 04 minutes work
416 minutes - 6 hours 56 minutes idle

COST OF MAINTAINING AGENCY AT LONG ISLAND, VA.

YEAR 1972

Agent's salary	$ 9,015.10
Relief Agent's salary while relieving regular agent on vacation	843.80
Travel Allowance for Relief Agent	179.52
Health and Welfare	542.24
Unemployment Compensation Tax	165.31
Railroad Retirement Tax for regular and relief agent	771.29
Heat (Coal)	145.00
Supplies (stationery, etc.)	16.30
Maintenance of building (including taxes)	6.84
Depreciation (station building)	54.81
TOTAL COST	$11,740.21
AVERAGE COST PER MONTH	978.35

LONG ISLAND, VIRGINIA

Patrons, Commodities and Revenues

YEAR 1971		RECEIVED		FORWARDED		TOTAL	
PATRONS		No. Cars (1)	Revenue (2)	No. Cars (3)	Revenue (4)	No. Cars (5)	Revenue (6)
Chesapeake Corp.	A	0	0	457	$34,681.05	457	$34,681.05
Custom Harv.Serv.	C	1	$ 483.29	0	0	1	483.29
Ray Woods	A,B	7	877.12	8	700.65	15	1,577.77
George Craddock	D	1	182.00	0	0	1	182.00
TOTAL		9	$1,542.41	465	$35,381.70	474	$36,924.11

YEAR 1972							
PATRONS							
Chesapeake Corp.	A	0	0	372	$37,542.21	372	$37,542.21
Custom Harv.Serv.	C	2	813.74	0	0	2	813.74
Ray Woods	B	3	326.75	0	0	3	326.75
TOTAL		5	$1,140.49	372	$37,542.21	377	$38,682.70

COMMODITY CODE:

(A) Wood

(B) Lime

(C) Potash

(D) Fertilizer

NORFOLK AND WESTERN RAILWAY COMPANY

TIME STUDY - MOBILE AGENCY, BROOKNEAL, VA.

MAY 16, 1973

(Shown in Minutes)

J. W. Poindexter - Agent

Mobile Agency	-	11 Min.	Preparing dummy bills - and setting up records for Mobile Agency
Traveling Mobile Route	-	11 Min.	Vgn. Brookneal Sdg.
		18 Min.	to Aspen - No Cars
		12 Min.	to Phenix - Loading, no loads out
		3 Min.	Listing cars, Phenix, Va.
		17 Min.	to Cullen - Loading, no loads out
		15 Min.	Listing cars and talking to patron
		38 Min.	Cullen to Brookneal Agency
		10 Min.	Posting CR9 - Demurrage, etc.
		3 Min.	Preparing and Mailing Demurrage Bill
		6 Min.	Making AD 19 dummy bills
		5 Min.	Car to Garage (Wash job)
		149 Min.	Mobile Agent Duties
		15 Min.	Brookneal Agency - Telephone, Billing
		164	

480	Total
149	Mobile Agency
331	
15	Brookneal Agency
316	Idle Time

2 hrs. 44 min. work time (total)

5 hrs. 16 min. idle time

NORFOLK AND WESTERN RAILWAY COMPANY

TIME STUDY - MOBILE AGENCY, BROOKNEAL, VA.

July 3, 1973

Mobile Agency duties -	MINUTES	
Set up track check lists	2	
Prepare dummy bills	8	
Demurrage records	10	
Filing waybills	3	
Phone	3	
Mail	2	
Reports	5	
Traveling Mobile Route -	6	- Vgn. Brookneal Sdg.
	20	- to Aspen - loading car
	12	- to Phenix - 2 cars billed
	8	- prepare bills - place in bill box
	3	- to post office (personal)
	17	- to Cullen
	5	- track check and talk to customer
	4	- bill car, place in bill box
	33	- Cullen to Brookneal (51 miles round trip)
Mobile Agency duties -	141	minutes
Assisting Headquarters Agent -		
Phone	11	
Bill 5 cars	6	
Filing waybills	2	
Demurrage	4	
Prepare envelopes	1	
Check bill file	3	
Make bill copy	2	
	29	minutes
Total productive time -	170	(2 hrs. 50 min.)
Idle Time -	310	(5 hrs. 10 min.)

NW Cost for Pulpwood From Long Island, Va.
to West Point, Va.

Data Used:
Route - NW - Burkeville - SRS
Route Miles - 63
Tare Weight - 26.7 tons

Exhibit 7 142

CE 67292

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 26, 1973

Application of CASE NO. L-481

NORFOLK AND WESTERN RAILWAY COMPANY

For authority to reclassify its agency station at Long Island, Campbell County, Virginia.

On July 30, 1973, came on for hearing application of the Norfolk and Western Railway Company for authority to modify the agency service at its station at Long Island, Campbell County, Virginia, by providing agency service to the Long Island area through the presently existing mobile agent based at Brookneal, Virginia, Commissioners Shannon and Bradshaw sitting. Commissioner Harwood subsequently reviewed the entire record and participated in the decision.

Peter J. Hunter, Jr., appeared as counsel for applicant. Richard W. Elliott and A. L. Philpott appeared as counsel for the citizens of Pittsylvania, Campbell and Charlotte Counties. Hamill D. Jones, Jr., appeared as counsel for the Commission.

Upon consideration of the testimony and exhibits presented, the Commission is of the opinion that the application should not be granted at this time, Commissioner Shannon dissenting; and accordingly,

IT IS ORDERED, That the application of the Norfolk and Western Railway Company for authority to modify the agency service at its station at Long Island, Virginia, by providing agency service to the Long Island area through the presently existing mobile agent based at Brookneal, Virginia, and to remove the station building at Long Island, Virginia, be, and it is hereby, denied.

IT IS FURTHER ORDERED, That an attested copy of this order be mailed to Peter J. Hunter, Jr., Richard W. Elliott and A. L. Philpott.

A True Copy

Teste: William C. Young

Clerk of State Corporation Commission.

VIRGINIA:

BEFORE THE STATE CORPORATION COMMISSION

APPLICATION OF NORFOLK AND WESTERN RAILWAY COMPANY For authority to reclassify its agency station at Long Island, Campbell County, Virginia.	))))))))	CASE NO. L-481

NOTICE OF APPEAL

To the Clerk of the State Corporation Commission of Virginia:

Please take notice that Norfolk and Western Railway Company hereby appeals to the Supreme Court of Virginia from the decision and order entered on October 26, 1973, by the State Corporation Commission in Case No. L-481.

ASSIGNMENT OF ERROR

The Commission's decision in Case No. L-481 was unreasonable, unjust, arbitrary, confiscatory, contrary to the evidence of record and, therefore, contrary to law.

NORFOLK AND WESTERN RAILWAY COMPANY

By_____
Peter J. Hunter, Jr.
Counsel

Dated: November 13, 1973

CERTIFICATE OF SERVICE

I, Peter J. Hunter, Jr., a member of the Virginia State Bar, hereby certify that on November 13, 1973, a copy of the foregoing Notice of Appeal and Assignment of Error was mailed by first-class mail, postage prepaid, to each of the following:

1. Honorable Andrew P. Miller
   Attorney General of Virginia
   State-Library Building
   Richmond, Virginia 23219

2. Hamill D. Jones, Jr., Esquire
   State Corporation Commission
   P. O. Box 1197
   Richmond, Virginia 23209

3. Richard W. Elliott, Esquire
   P. O. Box 250
   Rustburg, Virginia 24588

4. A. L. Philpott, Esquire
   Philpott Building
   Bassett, Virginia 24055

Peter J. Hunter, Jr.

Peter J. Hunter, Jr.
Counsel

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

Application of

NORFOLK AND WESTERN RAILWAY COMPANY

For authority to reclassify its agency station at Long Island, Campbell County, Virginia.

CASE NO. L-481

February 6, 1974

Opinion, BRADSHAW, Commissioner:

By application dated April 13, 1973, the Norfolk and Western Railway Company (N&W) requests authority from the State Corporation Commission to modify its agency service at Long Island, Campbell County, Virginia. The N&W proposes to remove its agent from Long Island, Virginia, and to serve its customers at Long Island by means of a mobile agent operating from Brookneal, Virginia. The applicant railroad also proposes to remove the station building at Long Island.

In accordance with the Commission's order of April 17, 1973, notice of the proposal was posted at the station building at Long Island and served upon the Chairman of the Board of Supervisors and the Commonwealth's Attorney of Campbell County. Such notice advised the public of the time and place of the hearing and stated that all persons interested in the application should appear before the Commission at such time

and place to let their interest be known.

Subsequent to the service of notice, the Commission received resolutions from the Boards of Supervisors of Campbell County and Pittsylvania County opposing N&W's application. During the hearing a petition opposing the application, bearing 51 signatures, was lodged with the Commission for its consideration.

N&W maintains an open agency at Long Island. This means an agent is stationed and available to assist shippers and receivers of freight at Long Island on a 40-hour per week basis. Two time studies of the agent's work at Long Island showed that the individual worked a total of 99 minutes on May 15, 1973, and 64 minutes on June 29, 1973 (Exh. 1,2), thus leaving the agent idle a large portion of the days studied.

N&W proposes to remove the agent at Long Island, dismantle the agency building, and serve the railroad patrons at Long Island with a mobile agent. At present, a full time agent is stationed at Brookneal, Virginia, which is approximately 12 highway miles east of Long Island (Exh. 7). In addition, an agent drives from Brookneal east to Aspen, Phenix, and Cullen, Virginia, each working day to serve shippers and receivers located at these points. N&W asserts that this mobile agent has sufficient time during his working day to meet the needs of shippers and receivers at Long Island.

To support its position, N&W introduced two time studies which show the Brookneal mobile agent idle approximately five hours per day for the two study days. (Exh. 5 & 6).

The railroad also introduced evidence to show that its clerical cost per car handled at Long Island is approximately $31.14 (Exh.8) as compared to a railway system average of $7.83 (T p. 69). Exhibit 8 also purports to show that the revenue derived per car handled at Long Island destined to Burkeville, Virginia, is less than the variable costs of handling the traffic. The railroad maintains that inclusion of Long Island in the Brookneal mobile agency will decrease its agency expense at Long Island.

In opposition to the application, witness Wood testified to a need for rack cars in his business and of the assistance the local agent at Long Island rendered in obtaining such cars. (T p. 83). He further testified that the agent prepares the necessary Bills of Lading. (T p. 90).

A second opposition witness, Mr. Simpson, testified in general terms about potential industrial development around Long Island and the adverse affect a ruling in favor of N&W would have upon such development.

The concept of a mobile agency is not new to the Commonwealth of Virginia. As stated in Application of NORFOLK AND WESTERN RAILWAY COMPANY,

> "The Commission takes official notice of the fact that the new mobile agency operation has proved satisfactory in Virginia. It is being used with success by the four largest Virginia railroads to eliminate unproductive man hours without curtailing the service required by public patrons...Patrons ultimately pay for man hours wasted by railroad employees, and mobile agency service should be permitted as a means of eliminating waste in areas where there is a sound basis for concluding that this can be done without a deterioration in service to the public." SCC Case No. L-413, p. 3.

A key issue in this proceeding is whether N&W can include Long Island in the Brookneal mobile agency and continue to provide the same quality of service to its patrons. Upon review of the record we conclude that the railroad cannot.

The railroad asserts that the Brookneal mobile agent is actually idle five hours per day and can easily assume the one hour per day work performed by the agent at Long Island. However, the Commission seriously questions whether the Brookneal mobile agent is actually idle five hours per day. Granted, the Brookneal mobile agent may have been able to complete his mobile agency duties in three hours per the study day, he spends the balance of his day at the Brookneal station. Witness Burkhart testified that Brookneal has a heavy volume of business compared to Aspen, Phenix, Cullen, and Long Island (T p. 53) and that the present mobile agent is available during his so-called "idle time" to assist the Brookneal agent.(T p.56).

Since the N&W did not furnish any traffic statistics for freight originating or received at Brookneal for other than the mobile agency, or any studies to show what amount of time during the mobile agent's five hour idle time was spent assisting the Brookneal agent, we cannot speculate the present mobile agent actually has sufficient time during the working day to assume the additional duties at Long Island.

N&W asserts that the mobile agency concept, if implemented at Long Island, would decrease the company's agency expense. However, witness Weber could not testify as to the difference in expense between the fixed agent operating from Long Island and the mobile agent operating from Brookneal. As stated by witness Weber -

> "Like I said before, I don't know what the cost would be for a mobile agency." (T p. 76).

If the railroad does not know what mobile agency cost to assign to Long Island, we cannot conclude that the inclusion of Long Island in the Brookneal mobile agency would necessarily yield a net savings to the railroad.

With regard to finances at Long Island, N&W showed an income (Exh. 4) for the station in 1971 and 1972, respectively, of $36,924.11 and $38,682.70. The railroad also showed the cost of maintaining the agency as $10,425.27 (T p. 16) and $11,740.21 (Exh. 3) for the years 1971 and 1972, respectively.

Contrary to the railroad's assertion that it is losing money on each carload of traffic handled at Long Island, it would certainly appear that the agency is a prosperous one indeed.

While we recognize, of course, that each case must be decided on its own merits, one cannot help but observe that this is the fourth time in the past decade that N&W has sought authority to remove its agent from Long Island.[1] In each of the prior cases, the application was vigorously opposed by patrons and concerned citizens in the area. There thus appears to be an active and continuing interest on the part of the local citizenry to maintain the Long Island agency as it is currently constituted.

In conclusion, we do not believe that the applicant has furnished sufficient evidence to prove that Long Island can be included in the Brookneal mobile agency without creating a deterioration in service to the public. Secondly, we cannot find for the applicant, based on the economics of the Long Island agency, because the evidence reflects the agency is profitable. Accordingly, the application is denied.

HARWOOD, Commissioner, concurs.

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1. Case No. 16996 - denied December 11, 1964
   Case No. L-133 - denied November 13, 1969
   Case No. L-339 - denied with respect to Long Island, November 30, 1971

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

Application of

NORFOLK AND WESTERN RAILWAY COMPANY

For authority to reclassify its agency station at Long Island, Campbell County, Virginia.

October 26, 1973

CASE NO. L-481

Opinion, SHANNON, Commissioner, dissenting:

On April 16, 1973, the Norfolk and Western Railway Company applied for authority to modify agency service at its Long Island, Virginia, station by having the present Brookneal mobile agency serve the Long Island area and to remove the station building at Long Island, Virginia.

The Commission set the application for formal hearing upon notice to the Chairman of the Board of Supervisors and Commonwealth's Attorney of Campbell County, and the hearing was held on July 30, 1973.

Peter J. Hunter, Jr., appeared as counsel for applicant. Richard W. Elliot and A. L. Philpott appeared as counsel for the citizens of Pittsylvania, Campbell and Charlotte Counties. Hamill D. Jones, Jr., appeared as counsel for the Commission.

By order entered October 26, 1973, the Commission denied the application for authority to modify the agency service at Long Island, Virginia.

Evidence presented indicates that the agent at Long Island is idle approximately 6 1/2 hours each 8-hour workday. Long Island is 11.9 highway miles from Brookneal, the base station for a mobile agency which has satisfactorily served the needs of the shipping public in this community for almost two years. This mobile agent is idle about 5 hours each workday. During 1971 and 1972 a total of 851 shipments, consisting of 837 outbound carloads of pulpwood and 14 inbound carloads of lime, potash and fertilizer, were handled at Long Island. A shipper and receiver of 18 carloads during the 2-year period testified in opposition to the proposed change in service. None of the shippers or receivers of the remaining 833 carloads handled at Long Island during this period has expressed opposition. A farmer who neither shipped nor received anything over the N&W during 1971 or 1972 and who, on this record, could not be directly affected by rail service, testified in opposition.

Under the mobile agency plan, an agent headquartered at a base station travels by motor vehicle over a designated route serving all the railroad's patrons within a defined area. Each workday he calls on all the railroad's patrons in the community at their places of business. He renders the same service as that formerly rendered by several stationary agents in station building located along the route. En route, he keeps in touch with the base agent by telephone or radio. Under this concept, the railroad brings every agency service that it has to offer to the place of business of the shipper and receiver of freight rather than have him come

to the railroad's freight station to transact his business. This type of service lends itself well to rural communities where the traffic is mostly repetitive and is well suited for Long Island where 98 percent of the traffic consists of pulpwood moving to West Point, Virginia.

The Commission should take official notice that this is not a new and untested plan in Virginia. It has been used by four of the railroads operating in Virginia for some time to eliminate, or substantially reduce, wasteful agency service costs without lowering the standard of service to the shipping public. Members of the Commission's staff have observed operation of representative mobile agencies and discussed the service with users of this service. They have reported that these agencies appear to operate smoothly and they heard no complaints. Most patrons contacted expressed satisfaction with this service but some expressed a preference for it.

With 5 idle hours on his hands each day, the mobile agent based at Brookneal could, with the greatest ease, travel 11.9 miles to Long Island and transact all his company's business there well within his 8-hour workday. If he spends over 45 minutes on the paper work required for an average daily shipment of three carloads of pulpwood, usually by Chesapeake Corporation, to West Point, Virginia, he would be wasting time. There appear to be no unusual circumstances which justify paying an employee to sit idly in the freight station at Long Island for 6 1/2 hours each day and the application should be granted.