



# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR RELEASE TUESDAY  
May 6, 1975

DOT 40-75  
Tel. 202-426-9550 (HP)

Programs to implement the 55 mile per hour national speed limit will be examined May 20 by the U. S. Department of Transportation's National Highway Safety Advisory Committee.

Various subcommittees of the Advisory Committee will review such subjects as heavier truck legislation, highway safety construction projects, and a proposed bicyclist safety standard at the all-day meeting at the Quality Inn-Pentagon City, 300 Army-Navy Drive, Arlington, Va.

Programs to encourage voluntary use of safety belts will also be discussed, and the American Safety Belt Council will present an update report on the Australian and French experience with safety belt laws.

On May 21, the meeting will move to the DOT Headquarters Building, 400 Seventh St., SW, Washington, D. C., where the Advisory Committee will hear subcommittee reports and Secretary of Transportation William T. Coleman, Jr. will swear in new members.

The Advisory Committee is a 35-member group that advises the secretary of transportation on matters relating to highway safety activities.

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR RELEASE WEDNESDAY  
May 7, 1975

DOT 41-75  
Phone: (202) 426-4321

Secretary of Transportation William T. Coleman, Jr., today announced completion of the proposed regulations for licensing the construction and operation of deepwater ports off the U.S. coast. He invited public comment on the proposals.

Appearing in today's Federal Register, proposal copies are available from the Commandant (G-WDWP/61), U.S. Coast Guard, Washington, D.C. 20590.

Deepwater ports are to be built beyond the territorial limits of the U.S. for unloading large crude oil tankers. The proposed regulations will determine procedures for the location, construction and operation of these facilities, and will regulate commerce, promote transportation efficiency and ensure environmental protection of coastal areas.

At present, there are no ports with sufficient depth to accommodate the Very Large Crude Carriers (VLCC) in U.S. Ports. These vessels nearly three million barrels of crude oil and require as much as 100 feet of water depth when fully laden.

The Deepwater Port Act of 1974 authorizes the Secretary of Transportation to license the ownership, construction and operation of deepwater ports. The U.S. Coast Guard has been designated by the secretary as the agency responsible for making the proposed regulations available to the public and all interested parties.

A public hearing on the proposed rules will be held at Coast Guard Headquarters, Room 2232 of the U.S. Department of Transportation, 400 Seventh Street, S.W., Washington, at 9:30 a.m. Friday, June 6.

Persons wishing to comment on the proposals and/or speak at the hearing should notify the Executive Secretary of the Marine Safety Council (G-CMC/82), Room 8234, U.S. Coast Guard, Washington, D.C. 20590. Those wishing to speak are asked to also submit a written copy of their oral statement.

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Provisions contained in the proposed regulations for deepwater ports have been developed by the Secretary of Transportation's Office of Deepwater Ports and the U.S. Coast Guard, an operating administration of DOT.

The proposed regulations cover environmental protection, coastal zone management, existing plans and programs of coastal states, and related considerations. Advice and assistance in the preparation of the regulatory proposals was provided by the National Oceanographic and Atmospheric Administration, the Environmental Protection Agency, the U.S. Corps of Engineers and other federal agencies.

A second draft of the environmental impact statement dealing with effects of these ports will be available to the public at the June 6 hearing, or can be obtained from the Commandant (G-WCWP/61), U.S. Coast Guard, Washington, D.C. 20590.

Copies of the comments received and a tape recording of the public hearing will be available for examination by the public in room 8234 of Coast Guard headquarters.

After review and consideration of all comments received during the public comment period, the final regulations governing the licensing of deepwater ports will be published in the Federal Register as part of Title 33 of the Code of Federal Regulations.

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CS/10AM/5/5/75/

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY WASHINGTON, D.C. 20590

FOR IMMEDIATE RELEASE  
May 8, 1975

DOT R-07-75  
Phone: (202) 426-4321

The U.S. Department of Transportation today announced five regional field offices in Philadelphia, Pa., will move to new quarters by May 12, 1975. The new quarters will be located at 434 Walnut Street (Zip 19106), in the Independence Mall area of the center-city.

Offices scheduled to move into the new location include: Urban Mass Transportation Administration, telephone (215) 597-4179; the Federal Railroad Administration, (215) 597-0750; the Federal Highway Administration's Bureau of Motor Carrier Safety, (215) 597-7604; the Office of Pipeline Safety, (215) 597-3638; and the Office of the U.S. DOT Secretarial Representative, (215) 597-9430.

The Coast Guard already is operating at the new address.

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WWB/4PM/050275



# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR RELEASE THURSDAY  
May 8, 1975

DOT 42-75  
Tel. 202-426-9550 (HP)

The National Motor Vehicle Safety Advisory Council has called on Secretary of Transportation William T. Coleman, Jr. to push for state adoption of mandatory safety belt usage laws.

The action came in the form of a resolution at the Advisory Council's May 1 meeting in Washington, D. C. The resolution, in part, said:

"Whereas, we believe that if one state enacted a mandatory safety belt usage law, the ensuing reduction in traffic fatalities would eventually result in all states adopting such a law.

"Therefore, be it resolved that this council recommends to the secretary of transportation that he involve the Department of Transportation in giving the highest priority to getting one or more states to enact a mandatory safety belt usage law."

The 25-member council, created by the National Traffic and Motor Vehicle Safety Act of 1966, advises the secretary on federal motor vehicle safety standards and programs administered by the department's National Highway Traffic Safety Administration (NHTSA).

In another resolution, the council urged the secretary to update information disseminated by the government on motor vehicle child restraint systems.

- more -



The Advisory Council, which meets again in Washington June 11-12, also elected Dr. B. J. Campbell, Director of the Highway Safety Research Center at the University of North Carolina, as chairman of the advisory group.

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR RELEASE MONDAY 3:00 P.M.  
May 19, 1975

DOT 43-75  
Phone: (202) 426-4321

President Ford today sent to Congress proposed legislation to strengthen the nation's railroads by eliminating excessive regulatory restrictions and providing critically needed financial assistance.

The proposal -- the Railroad Revitalization Act -- would remove, by amending the Interstate Commerce Act, regulatory constraints that prevent the railroad industry from competing at maximum effectiveness in the transportation market.

The legislation would provide up to \$2 billion in federal loan guarantee authority to finance essential improvement of roadbed, track, terminals and other railroad operating facilities.

"At a time of increasing need for lower cost, fuel-efficient transportation, the railroads are in deep trouble," Secretary of Transportation William T. Coleman, Jr., said.

"The regulatory process," he said, "has retarded technical innovation, impeded economic growth and hampered the improvement of services -- all conditions that significantly contribute to the railroads' present physical deterioration and financial impotency."

Loans guaranteed by the Federal Government under the provisions of the legislation would be financed through the Federal Financing Bank, thus enabling railroads to borrow at rates more advantageous than those obtainable in private financial markets.

The Secretary of Transportation would be authorized to defer principal and interest payments to make feasible major railroad projects holding little prospect of short-term payoff, but which would improve earnings over the long-term.

- more -

Citing duplicative and excessive railroad facilities as a major contributor to the poor financial health of the railroads and pointing to the railroads of the northeast as a classic example, Secretary Coleman said: "If we are to prevent the spread of this financial chaos westward, a restructuring and streamlining of the national railroad system must be quickly set in motion."

As a condition of receiving a federal loan guarantee, an applicant railroad may be required to enter into an agreement with another railroad to restructure its facilities. Such restructuring could take the form of merger, joint operation, sale or acquisition of assets.

The procedures proposed by the legislation would enable a coordinated Department of Transportation/ Interstate Commerce Commission decision on such agreements within nine months.

The regulatory reform section of the legislation places of greater reliance on competitive forces in ratemaking, while preserving protection for shippers, carriers and labor.

Within a "no suspend zone" railroads on their own initiative could raise or lower rates, starting with a 7 percent limitation and increasing to 15 percent over 3 years.

The ICC would be prohibited from holding up to a particular level the rate of a carrier for the purpose of protecting a carrier of a different mode of transportation, thus increasing intermodal competition.

Among the other regulatory reforms proposed are an acceleration of the ICC's review procedure in cases of new rail services requiring an investment of \$1 million or more, restrictions on the activities of rate bureaus, an improvement of the intrastate ratemaking procedure and the prohibition of discriminatory taxation of railroad properties.

The essential provisions of the Railroad Revitalization Act are explained in greater detail in the attached fact sheet.

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WWB/5PM/5/16/75/



## FACT SHEET

### THE RAILROAD REVITALIZATION ACT

The President is transmitting to Congress today the Railroad Revitalization Act which will eliminate excessive and antiquated regulatory restrictions, increase competition in the railroad industry, improve customer services, strengthen the ability of the railroads to adjust to changing economic conditions, and provide financial assistance in the form of loan guarantees to help the railroads make needed improvements in their facilities.

This is the first piece of the President's overall program to achieve fundamental reform of transportation regulation. Similar reform measures for truck and airline regulation will follow shortly. Taken together, these proposals, representing the most comprehensive approach to reform in the long history of economic regulation of the transportation industry, will substantially benefit consumers annually and conserve scarce energy resources.

### BACKGROUND

This legislation builds on the Transportation Improvement Act which was introduced in the 93rd Congress. Congress also considered the Surface Transportation Act. A modified version of that bill, incorporating many features of the TIA, was passed by the House, but final action was not taken by the Senate. This legislation proposes a number of fundamental changes designed to significantly reduce government intervention in the day-to-day business of the railroads and their customers.

### PRINCIPAL OBJECTIVES OF THE LEGISLATION

1. To provide for more efficient, more competitive, and thus less costly rail transportation. This Act will substantially increase reliance on normal competitive market forces to set shipping rates. It is specifically designed to cause a reduction in rates which are too high and are inequitable to shippers and consumers. For the first time, railroads will be able within reasonable limits to adjust rates without ICC interference. In addition, the regulatory decision making process will be simplified, thereby eliminating the high costs involved in lengthy litigation.

these loans will be subject to specific conditions in order to assure that the capital improvements being financed will contribute to the overall efficiency of railroad operations.

6. To encourage speedy and rational restructuring of the railroads which will improve their economic health. At present, our railroads are in serious need of restructuring. Basically, the problem is one of excess capacity in some areas, including, for example, excessive duplication of parallel mainlines, and inadequate capacity in other areas. This contributes significantly to the uneconomic and inefficient operation of the railroads. In the past, efforts to restructure the system through merger or various cooperative agreements between railroads have been thwarted by cumbersome regulatory procedures.

This legislation establishes a new procedure which will enable the Secretary of Transportation, as a condition for granting financial assistance, to require applicants to undertake fundamental restructuring actions. This provision will permit the Secretary and the ICC to expedite many merger proceedings and facilitate some of the restructuring necessary to preserve a viable private sector rail industry.

## SECTION-BY-SECTION ANALYSIS

1. Railroad Ratemaking and Abandonment. This section more clearly defines the principles of ICC ratemaking powers in terms of particular actions that may or may not be taken. For example, the ICC may not find rates too low if they cover a carrier's costs; the ICC is prohibited from protecting one carrier against competition from a carrier of another mode; the ICC is instructed to consider the effect of rates on transportation efficiency in exercising its decision making authority, etc.

The RRA also establishes new procedures to ensure adequate prior notice of proposed rail abandonment actions.

2. Anticompetitive Practices of Rate Bureaus. This portion of the bill provides for the removal of antitrust immunities from certain anticompetitive rate bureau practices. Such action will prohibit collusion on rates for single-line freight movements; limit participation in rate actions to those carriers actually involved, and prohibit joint actions to protect or request suspension of rates.



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In addition, the bill requires rate bureaus to maintain voting records on each of their members which are open to public inspection, and requires bureaus to act within 120 days on any rule, rate, or charge appearing on its docket.

3. Intrastate Railroad Rate Proceedings. The Act gives the Interstate Commerce Commission authority to determine an intrastate rate which is the counterpart of an already approved interstate rate in the event that the appropriate State agency has failed to take final action on a rate change within 120 days from the time it was filed by a carrier.
4. Suspension of Railroad Rates. One of the basic purposes of the RRA is to provide increased pricing flexibility for the railroads. Section 5 of the Act establishes a phased approach to providing the necessary flexibility and specifically limits ICC suspension powers. It permits railroads to adjust rates up or down without fear of ICC suspension so long as the change is within certain percentage limits: 7 percent in the first year; an additional 12 percent in the second year; and another 15 percent in the third year. Such an approach will result in the creation of a control-free "zone of reasonableness" of approximately 40 percent during a three-year phase-in period. Following the third year, the ICC may not suspend a rate decrease for being too low, so long as a carrier's costs are covered. Similarly, rate increases of 15 percent or less will not be subject to ICC suspension. In cases where the ICC retains the power to suspend rates, they will be required to make findings such as a court does when it issues a temporary restraining order -- that the action will result in immediate and irreparable damages.

In addition, the bill sets a 7-10 month time period for completion of hearing procedures in rate cases. In cases involving large capital expenditure (\$1,000,000 or more), the ICC will be required to act within 180 days after the filing of the notice of a proposed tariff. To encourage investment and provide a period of stability, such rates may not be suspended or set aside for a period of five years.

5. Railroad Revenue Levels. The Act provides that the ICC shall prescribe uniform criteria for determining the financial condition of a railroad, including such things as estimating the rate of return on capital and adequacy of cash flow.

6. Discriminatory Taxation. Section 7 of the RRA adds a new provision to the Interstate Commerce Act prohibiting the levying of discriminatory State or local property taxes on common carriers, thus eliminating excess taxes on railroads of approximately \$55 million annually.
7. Uniform Cost and Revenue Accounting. This section requires the ICC and the Department of Transportation to study and recommend uniform cost accounting and revenue accounting methods for rail carriers. Present accounting systems are outmoded and inadequate to resolve the complex cost accounting problems of modern transportation firms.
8. Financial Assistance. The Act authorizes the Secretary of Transportation to issue loan guarantees of up to \$2 billion for the purpose of financing improvements in rights of way, terminals, rolling stock, and other operational facilities. These loan guarantees will be based on (a) the contribution the proposed improvement will make to the betterment of our nation's rail system, (b) the ability of the recipient to repay the loan, and (c) the recipient's ongoing program to upgrade his physical plant. As a condition for granting the assistance, the Secretary may require the applicants to undertake specific restructuring actions. This section establishes a new procedure by which the Secretary, the Attorney General, and the ICC can expedite approval of restructuring activities and assure a proper balance between competitive interests and transportation needs.





# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR IMMEDIATE RELEASE  
Thursday, May 29, 1975

DOT 44-75  
Phone: (202) 426-4321

The U.S. Department of Transportation, in a filing before Civil Aeronautics Board, has stated its opposition to an application by Trans World Airlines for a Federal mail pay subsidy of \$184 million to cover the carrier's domestic operations.

"It is DOT's position that the interest of avoiding the excessive and unnecessary disbursement of government funds is so overriding that subsidy should be considered only as a last resort for a carrier," the opinion stated. DOT suggested that TWA has not completely exhausted all self-help measures available, such as reductions in operational levels, discontinuance of uneconomical services and overall reductions in operating expenses through severe austerity measures.

"Nor are we convinced that TWA has taken advantage of all opportunities available to it to generate additional revenues," DOT said. "While TWA holds extensive charter authority, both domestically and internationally, it does not appear to be exploiting this authority to the degree it could in view of the capacity available to it. In addition, TWA has extensive flexibility in setting fares, but TWA has presented no evidence that, in its judgement, it is unable to generate additional revenues with innovative fare proposals."

TWA contended in its subsidy request that it needed Federal support largely because of recent increases in its cost for aviation fuel. Also, the airline said it must pay more for fuel than other domestic carriers because rules of the Federal Energy Administration favor carriers holding more long-term fuel contracts than those currently held by TWA.

"While DOT is concerned with TWA's financial plight and will support every legitimate effort it undertakes to improve its situation, we think that subsidy is not an appropriate form of relief, at least on the face of TWA's application. Accordingly, we believe it should be dismissed," the department told the CAB.



DOT noted that TWA's application was procedurally defective in that the carrier failed to submit to the CAB a detailed economic statement sufficient to justify its subsidy request. For example, DOT said the carrier did not identify the routes which are sustaining operating losses.

In addition, DOT said, the carrier had not demonstrated whether certain losses would result in eventual exhaustion of its available financial resources, or if those resources would be insufficient to enable TWA to meet its financial obligations.

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