

CHICAGO - March 18, 1977

File: R-29 - Board Report

Mr. Worthington L. Smith:

Following is the equipment situation for the month of February and thus far for March 1977.

GENERAL SERVICE BOX CARS

During the month of February, continuing to the present time, our supply of general service box cars has been inadequate to meet demands. The box car shortage has been severe in the paper loading areas of Wisconsin throughout February and March. Since the beginning of March, the western region of our railroad has felt the impact of this shortage. We continue to use all foreign box cars available to us for loading and we are making every effort to forward as many system cars as possible to the west end to support their requirements. Part of the problem of meeting the requirements for the western region has been the lack of new box cars releasing at Pacific Car & Foundry or FMC that we could utilize for transcontinental loading. We were able to reach agreement with the Santa Fe Railroad for the use of 125 cars releasing from FMC at Portland to load to California destinations. As of this writing, we do not expect the luxury of any significant number of new cars for loading on the west end until sometime in mid April. An example of the severity of the car shortage that is plaguing the Milwaukee and our competitors on the west end is at Missoula, Montana. Hoerner Waldorf Company has agreed to load 20 vans in subservice out of Missoula due to the inability of both The Milwaukee Road and the Burlington Northern to supply the proper number of cars needed to avoid such an action.

We expect the nationwide box car shortage to continue thru the balance of the Spring, as shippers attempt to make up for production losses suffered in activity in general. While we have placed our 50-ft. box cars on a Car Assistance Directive thru the AAR, we continue to have 60% of The Milwaukee Road 50-ft. ownership off-line. This percentage figure has remained steady at 60% since February 7th. We do have an increase in foreign box cars on-line at the present time of approximately 200 cars more per day than we averaged in 1976, which we feel exemplifies a return to more normal transportation movement within the railroad industry. The present Condition Status Report indicates that 440 of our 50-ft. box cars (8%) are inactive due to not being fit for loading.

Paper Loading:

February 1977. . . . .	3,276	cars	
February 1976. . . . .	<u>3,703</u>	"	
Decrease . . . . .	- 427	"	or -11.5%
First eleven days of March 1977. . . . .	1,408	cars	
First eleven days of March 1976. . . . .	<u>1,605</u>	"	
Decrease . . . . .	- 197	"	or -12.3%

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GENERAL SERVICE BOX CARS (continued)

Lumber Loading:

February 1977 . . . . .	4,359	cars	
February 1976 . . . . .	<u>4,523</u>	"	
Decrease. . . . .	- 164	"	or - 3.6%
First eleven days of March 1977 . . . . .	2,063	cars	
First eleven days of March 1976 . . . . .	<u>1,709</u>	"	
Increase. . . . .	. 354	"	or 20.7%

COVERED HOPPERS AND GRAIN BOX

The demand for covered hoppers for grain loading was heavy during the month of February and continues to the present time. The shortage of grain hoppers during the month of February reached a level exceeding 1,600 cars. During March the shortage has been moderated to a level of approximately 700 cars per day, and we expect this shortage to persist into the foreseeable future. During late February we did transfer 200 covered hoppers from lines east to lines west in order to protect the rate decrease that went into effect on the Northern Montana, and we are now operating a total of 650 cars west of Miles City to protect this business.

In addition to the covered hoppers operating in the west, we have approximately 90 40-ft. narrow door box cars enroute to the Northern Montana for loading to supplement our fleet of covered hoppers committed to this service. Orders for 40-ft. narrow door grain box increased dramatically during the month of February and significant shortages were reported by all Operating Divisions, particularly on lines east. We were short of 40-ft. grain box to handle these orders during February and this shortage continues to date, however, while we were short approximately 500 cars per day during the month of February, the shortages have now moderated to 200 cars per day. The Aberdeen Division during February and into March have upgraded 205 40-ft. box cars to help meet their local orders. There are approximately 150 cars on the Aberdeen Division that are upgrading candidates, and this program will continue at the rate of approximately 15 cars per day. The Car Condition Status Report indicates 835 (20%) 40-ft. narrow door box cars are inactive due to being unfit for loading.

The first of February there were 11 grain trains operating on our railroad with a total equipment commitment of 161 system, 45 foreign and 197 private cars. Today we have eleven grain trains operating which consist of 154 system, 43 foreign and 230 private cars. In late February, our company introduced 75-car unit grain train rates, but to date only one train has been upgraded from a 50-car to a 75-car unit train.

During a recent meeting at Kansas City, it was the consensus of the grain shippers present that most of the corn movements going to the Gulf in unit grain trains would be terminated after five trips, due to resumption of barge

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COVERED HOPPERS AND GRAIN BOX (continued)

traffic. If this event occurs, our car shortage should be alleviated to a certain extent. However, after discussing car supply matters with three southwestern carriers recently, it is our opinion that we will remain dependent on our ownership to support the bulk of our local orders, as carriers do not anticipate any surpluses in equipment between now and the end of their Harvest.

The total grain loading for the month of March 1976 was 6,764 carloads and we estimate that in March 1977, we will load 5,800 carloads.

Grain and Soybean Loading:

February 1977. . . . .	4,354	cars	
February 1976. . . . .	<u>6,192</u>	"	
Decrease . . . . .	- 1,838	"	or -29.6%
First eleven days of March 1977. . . . .	2,091	cars	
First eleven days of March 1976. . . . .	<u>2,603</u>	"	
Decrease . . . . .	- 512	"	or -19.7%

SMALL CUBE COVERED HOPPERS

The demand for covered hoppers for sand loading continues at a high level. Spot shortages did occur at Portage, Wisconsin during the month of February, but generally speaking we have had an adequate supply of covered hoppers to protect their loading. The 3M plant at Wausau, Wisconsin experienced additional orders during the month of February, as a result of a strike at their California plant, and we were able to acquire additional carloads from this shipper. The sandblasting program of 100 cars has been completed at Mason City.

FLAT CARS

During February and to the present date, we continue to experience a shortage of 60-ft. chain tie-down flat cars for implement loading. As commented on last month, the implement shippers have been using plain deck flat cars to supplement their loadings during this period, and continue to do so. Our supply of system plain deck flat cars have now been exhausted due to the increased demand by the implement shippers and also renewed interests in these cars by lumber shippers in the Pacific Northwest. Additionally, we have placed a number of our Class 3 deck flat cars in container service in the Pacific Northwest to alleviate shortages of COFC equipment. Our supply of bulkhead flat cars was adequate during the month of February, however, we are now experiencing in March a tightening up of the bulkhead supply. On March 7, we did notify Trailer Train of our intention to turn back 100 PTX flat cars at the end of the 6-month notice period. This notice was given with the understanding of our Traffic Department that they would be able to evaluate within 90 days further loading opportunities with this equipment, and also the impact of the introduction of the 100 'A' Frame cars that we are now receiving.

Machinery (including electrical) Loading:

February 1977. . . . .	1,655	cars	
February 1976. . . . .	<u>1,945</u>	"	
Decrease . . . . .	- 290	"	or -14.9%

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Machinery (including electrical) Loading:

First eleven days of March 1977. . . . .	685 cars
First eleven days of March 1976. . . . .	<u>861</u> "
Decrease . . . . .	176 " or -20.4%

MULTI-LEVEL AUTOMOTIVE EQUIPMENT

For the month of February, we loaded 91 tri-levels and 112 bi-levels of Chrysler automobiles from Galewood to western destinations. Thus far in the month of March we have loaded 37 tri-levels and 19 bi-levels. We expect the tri-level loading from Galewood to western destinations to maintain its current pace. Chrysler has indicated that due to the extreme shortage of bi-level equipment, they are experiencing at all of their locations, it is their intention to severely curtail bi-level loading from Galewood and will ask for a re-assignment of the bi-levels assigned to Galewood to Detroit in order to totally control the movement of trucks on bi-levels to Chrysler marketing areas. The loading of import automobiles from Portland and Tacoma to Midwest destinations in the month of February amounted to 111 tri-levels. Orders for cars for import loading on the Pacific Coast have been quite heavy during the month of March, and to date we have forwarded a total of 80 loads. Our car supply of enclosed tri-levels to support import loadings is expected to be tight for the balance of March. With the automotive companies scheduling 900,000 units of production during the month of March for the first time since 1973, heavy pressure has been placed upon this railroad by all of the automotive manufacturers to move all of their equipment, both loaded and empty, as expeditiously as possible to overcome severe car shortages. We expect this push to last at least thru the end of the 1977 model year.

Motor Vehicle Loadings:

February 1977. . . . .	2,606 cars
February 1976. . . . .	<u>2,742</u> "
Decrease . . . . .	- 136 " or - 4.9%
First eleven days of March 1977. . . . .	1,070 cars
First eleven days of March 1976. . . . .	<u>1,040</u> "
Increase . . . . .	.30 " or 2.9%

OPEN TOP HOPPER EQUIPMENT

Coal and Coke Loading:

February 1977. . . . .	8,621 cars
February 1976. . . . .	<u>8,336</u> "
Increase . . . . .	285 " or 3.4%
First eleven days of March 1977. . . . .	2,820 cars
First eleven days of March 1976. . . . .	<u>2,683</u> "
Increase . . . . .	137 " or 5.1%

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OPEN TOP HOPPER EQUIPMENT (continued)

During early February we experienced some car shortages in the Latta/Terre Haute area for coke loading due primarily to service disruptions that affected the movement of equipment between Bensenville and Terre Haute. Otherwise we have been able to fill all orders for open top hoppers and we have 400 cars stored serviceable at this time. We have been able to give the FRISCO and Missouri Pacific 100 open top hoppers for their purposes in consideration of off-line per diem.

The Indianapolis Power & Light unit train on the Terre Haute Division operated 15 trains during the month of February, with a total of 543 cars. The Public Service Fayette shuttle train ran 21 trains, carrying 1,523 cars during February. The Gascoyne-Big Stone City unit coal train operation, operated at a level of six trains per week during the month of February, with a total of 23 trains operated. The Colstrip-Columbia unit train made a total of 17 trips during the month of February with eight being routed via Miles City and nine routed via St. Paul.

GONDOLA EQUIPMENT

The demand for coil gondolas, bulkhead covered gondolas and ordinary covered gondolas remains strong, and our car supply is extremely tight. Our ability to fill orders for bulkhead and regular covered gondolas has resulted in slight shortages, but we remain extremely short of coil gondolas.

Regular gondola orders remain high and we are short of this equipment. Our supply problem is further compounded by the addition of ConRail and Chessie to Car Service Orders restricting the use of their open top gondolas.

REFRIGERATOR AND DF CARS

Our supply of mechanical refrigerators to fill orders during the month of February was inadequate, and this situation continues to the present date. On the West Coast in the month of February we loaded 236 carloads of perishables which was 157 carloads less than 1976. We continue to use foreign line equipment, when available, but during February and March due to the nationwide shortage this activity has been limited primarily to being allowed to reload foreign cars terminating on our railroad, as the refrigerator companies have not been able to redirect empty cars to our line. Because of this shortage, in conjunction with Milwaukee Motor, the shippers at Othello have loaded 40 refrigerated vans with fresh potatoes thus far in March. The Car Condition Report indicates 34 (10%) system mechanicals inactive due to being unfit for loading.

Beer Loading in Milwaukee:

February 1977. . . . .	1,117 cars
February 1976. . . . .	<u>1,723</u> "
Decrease . . . . .	- 606 " or 35.2%

Total beer loadings in Milwaukee were 2,377 in February 1977, which was a net decrease of 712 compared to 1976, and of this reduction Milwaukee's share was 606, while the Soo Line suffered a decrease of 95. The disruption of the

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REFRIGERATOR AND DF CARS (continued)

movement of empty assigned cars to Miller Brewing was the principal cause for February. During the month of March, the lack of car supply at Miller Brewing did close the plant for four shifts during the weekend of March 5th and 6th. Since that time Miller Brewing has had an adequate supply of insulated cars returning to their plant to support loadings.

AIRSLIDE COVERED HOPPERS

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The seasonal surge of sugar loading in all areas of our railroad has now come to an end, and excess airslide covered hoppers capacity exists at all locations. The flour and starch cars continue to be loaded and we have no knowledge of shortages of equipment for these commodities.

PIGGYBACK LOADING

February 1977. . . . .	6,390 cars
February 1976. . . . .	<u>7,010</u> "
Decrease . . . . .	<u>-620</u> " or -8.8%

In February and March we have been suffering an extreme shortage of COFC flat cars to accommodate container loading. As mentioned in the paragraph relating to general service flat cars, we have been taking this equipment and are installing tie-down devices in order to handle containers. Again in February and March, we have been suffering a severe shortage of trailers for loading. This shortage has resulted primarily from a significant increase in demand for piggyback services, both on our railroad and throughout the country. We do have an adequate supply of TOFC flat cars to handle the existing trailer supply on our railroad, but a shortage would result if we had a sufficient number of trailers to support trailer orders.

TOTAL REVENUE FREIGHT LOADING

February 1977. . . . .	.68,422 cars
February 1976. . . . .	<u>.72,169</u> "
Decrease . . . . .	<u>3,747</u> " or -5.1%
First eleven days of March 1977. . . . .	.28,999 cars
First eleven days of March 1976. . . . .	<u>.28,981</u> "
Increase . . . . .	<u>.18</u> " or 0.1%

March 1977 has 23 working days compared to the same number of working days in March 1976. The total number of carloads for March 1976 was 81,072, and we estimate that total loadings for the month of March 1977 will be 78,600.

General Superintendent Transportation

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