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CHICAGO - June 17, 1977

File: R-29 - Board Report

Mr. Worthington L. Smith:

Following is the equipment situation for the month of May, 1977 and thus far for June, 1977.

GENERAL SERVICE BOX CARS

During the month of May and continuing into June, our supply of 50-ft. general service box cars was adequate to meet demands systemwide with the exception of a continued shortage of paper grade box for loading principally in the Green Bay and the Marinette, Wisconsin areas. The western region during the month of May had the benefit of being able to load 320 SSI cars releasing at FMC, Portland, and greatly reduced the pressure on our 50-ft. car supply ~~during the month of May and early June~~. We expect to receive approximately 35 additional cars from SSI for loading on the West Coast during June and commencing June 22nd, we will begin receiving 300 Santa Fe 50-ft. and 60-ft. special equipped cars from Pacific Car and Foundry at Renton, Washington for use by the western region. All of the cars will be per diem free until placed for loading and on the cars that are loaded via the Portland Gateway to California destinations, the Santa Fe will pay the \$74 switching charge that we must absorb at Renton. Production of these cars should last thru early August. We continue to utilize all foreign and Clearinghouse cars available to us on the eastern region of the railroad to support loadings, though we have been able to eliminate the need of forwarding Clearinghouse cars to the western region to protect lumber loading.

IN Trouble

Our 50-ft. box cars continue to be on a Car Assistance Directive. Our percentage of system 50-ft. cars off-line has decreased to 50% versus the 53% figure stated in April. This represents an increase of approximately 200 additional system cars on-line daily as compared to April. We continue to have the problem, however, of translating this increase in car supply to filling requirements for paper grade loading, particularly in the Green Bay area which necessitates continued heavy use of foreign and Clearinghouse equipment to protect these orders. The Car Condition Report indicates 534 of our 50-ft. box cars bad order which is 9.7% of our fleet, which is a slight increase over last month.

Paper Loading:

May 1977.	3,633	cars	
May 1976.	<u>3,858</u>	"	
Decrease.	- 225	"	or - 5.8%

First 13 days of June 1977.	1,650	cars	
First 13 days of June 1976.	<u>1,677</u>	"	
Decrease.	- 27	"	or - 1.6%

Lumber Loading:

May 1977.	5,426	cars	
May 1976.	<u>4,962</u>	"	
Increase.	+ 464	"	or + 9.3%

First 13 days of June 1977.	2,116	cars	
First 13 days of June 1976.	<u>2,055</u>	"	or + 2.9%
Increase.	+ 61	"	

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COVERED HOPPERS AND GRAIN BOX

The demand for equipment to service grain orders during the month of May and continuing into June deteriorated rapidly, particularly after the termination of the Montana incentive rate reduction on May 5th. The reduction in grain orders was further aggravated by the deterioration in prices for cash grain which we have witnessed in the last four weeks. We returned the 100 Santa Fe covered hoppers which we used in the western region to the Santa Fe and have been successful in peddling a total of 200 MILW covered hoppers to the SLSF, MP and ATSF during the month of June for per diem purposes. We have been forced to store 198 serviceable jumbo covered hoppers, principally in the eastern region.

Our supply of 40-ft. narrow door box cars for grain loading continues to be surplus and we now have 546 cars stored serviceable on-line.

On the 1st of May we were operating nine grain trains, utilizing 139 system cars, 196 private cars and 38 foreign cars. Today we are operating seven grain trains with 114 system cars, 125 private cars and 40 foreign cars.

The total grain loading for the month of June, 1976 was 5,694 carloads, and we estimate for June, 1977 we will load 3,900 carloads.

Grain and Soybean Loading:

May 1977.	4,627	cars	
May 1976.	<u>5,433</u>	"	
Decrease.	- 806	"	or -14.8%
First 13 days of June 1977.	1,529	cars	
First 13 days of June 1976.	<u>2,700</u>	"	
Decrease.	-1,171	"	or 43.3%

SMALL CUBE COVERED HOPPERS

During the month of May the demand for small cube covered hoppers continued to be quite heavy. This demand necessitated acquiring 40 UP small cube hoppers to help alleviate the shortage. In addition, 20 BN cement hoppers were acquired to protect their division of revenues on loads originating from Metaline Falls, Washington and the 20 system cars released will be forwarded to the Mason City area to supplement our cement pool in the eastern region. The shortage will further increase about June 20, as a project will commence from Rapid City to supply cement for an airport project at Sioux Falls, South Dakota.

Sand and granual loading in the Portage-Wausau, Wisconsin areas declined slightly during the month of May and continues to date due in part to mechanical problems suffered by Martin Marietta at Portage, Wisconsin. There has been sufficient cars available to meet existing demand.

AIRSLIDE COVERED HOPPERS

American Crystal Sugar Company at Renville, Minnesota continues to have consistent loadings requiring airslides, with surplus reported at Scally and Billings.

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OPEN TOP HOPPER EQUIPMENT

The surplus of 50-ton open top hoppers that we have referred to in previous reports disappeared during the month of May due primarily to increased company ballast requirements and substantial increases in sand and gravel loadings. In our last report we referred to 50 of our open top hopper cars would be placed in service in southern Arizona, however, this arrangement did not materialize as our cars were deemed not suitable for the SP loadings.

Indiana Power and Light ran 20 days with 20 trains carrying 761 cars or 80,367 tons. Public Service operated 24 days with 43 trains, carrying 2,321 cars or 174,043 tons.

The Gascoyne-Big Stone City train made 25 trips during May and the Colstrip-Columbia unit train made a total of 21 trips with 11 routed via St. Paul and ten routed via Miles City.

Coal and Coke Loading:

May 1977.	10,002	cars	
May 1976.	8,317	"	
Increase.	+ 1,685	"	or +20.2%
First 13 days of June 1977.	3,816	cars	
First 13 days of June 1976.	3,544	"	
Increase.	+ 272	"	or +7.6%

FLAT CARS

During the month of May the supply of chain tie-down flat cars, particularly for implement loading in the Quad Cities area has been good. The demand for plain deck flat cars moderated considerably during May and June. We are now storing 85-ft. flat cars and general plain flats with deteriorated decks.

Our supply of bulkhead flat cars for loading has been adequate for West Coast needs with no potential car shortages reported during the month of May up to the present date. During May and thru June 10th, we were able to supply 217 bulkhead and plain deck flat cars to the British Columbia Railroad without depriving equipment for domestic orders.

Machinery (including electrical) Loading:

May 1977.	1,799	cars	
May 1976.	1,949	"	
Decrease.	- 150	"	or - 7.6%
First 13 days of June 1977.	705	cars	
First 13 days of June 1976.	781	"	
Decrease.	- 76	"	or -9.7%

MULTI-LEVEL AUTOMOTIVE EQUIPMENT

With this writing we are introducing the statistics for the Galewood operation and the import loading as a regular format preceding the general motor vehicle loading for our railroad. The main item of concern would be the 25% reduction in

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Mr. Worthington L. Smith:

MULTI-LEVEL AUTOMOTIVE EQUIPMENT (continued)

loadings out of Galewood for May as compared to April when we loaded 105 tri-levels. This reduction was a result of continuing problems in early May encountered by Chrysler as the result of a strike by the Chrysler body stamping plant in Detroit. Import loading for the balance of June consists of 55 outstanding orders by Honda, and we expect an additional 25 orders to be placed with us by Chrysler at Tacoma for the balance of June. We have encountered during the month of May and to the present date only minor car supply problems, however, we have been forced to utilize ten MILW enclosed tri-levels normally assigned to the Detroit area in order to supplement our fleet, while we had seven enclosed tri-levels normally assigned to this pool operation out-of-service due to being bad order. We have the repair of the enclosed tri-levels scheduled and should have them back in service within 30 days.

Motor Vehicle Loadings:

May 1977.	3,107	cars	
May 1976.	<u>3,147</u>	"	
Decrease.	- 40	"	or - 1.2%
First 13 days of June 1977.	1,365	cars	
First 13 days of June 1976.	<u>1,196</u>	"	
Increase.	+169	"	or+14.1%

Galewood Loadings:

May	Tri-Levels	76	Bi-Levels	1	Total	77
June (as of 6/15)	" "	57	" "	1	"	58
Year	" "	492	" "	210	"	702

Import Loadings:

May	Hondas	96	Chrysler	31	Total	127
June (as of 6/15)	"	80	"	7	"	87
Year	"	596	"	248	"	844

GONDOLA EQUIPMENT

The demand for covered coil gons in May continuing to date has been very strong. Much of this demand has been created due to the price changes on steel due to go into effect on June 16.

The demand for bulkhead and regular covered gondolas continues to exceed our ability to supply, though the shortage has not been as critical as compared to the orders for covered coil gons.

The demand for regular gondolas during the month of May up to the present date began with an extreme shortage and has now leveled off to where our supply of general service gondolas is at the present time adequate. The demand for gondola cars for our 1977 Track Campaign has moderated considerably due to the early expenditure of our budget for track rehabilitation but expect this demand to dramatically increase when FRA funds become available that can be expended during this year.

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REFRIGERATOR AND DF CARS

The demand for mechanical refrigerators declined substantially in May and continues to the present date. The decline is attributed to seasonal factors, and we expect the low level of demand for this type of equipment to exist until the first of August. From January 1 thru May 31, 1977, we have loaded 1,283 mechanical refrigerators off the West Coast which is a decline of 206 over the same period for 1976.

During the month of May, the demand for RBI equipment for canned goods loading continued at the seasonal decline and there are no significant car shortages to be reported in any region.

Beer Loading in Milwaukee:

May 1977.	1,529	cars	
May 1976.	<u>1,827</u>	"	
Decrease.	- 298	"	or -16.3%

The total beer loading in Milwaukee was 2,370 cars for May, 1977, compared to 3,184 cars for last year, which is a net decrease of 814 cars. Schlitz recorded the greatest decline of 676 cars, with all carriers experiencing substantial reductions in traffic. Miller Brewery shipped 65 fewer cars in May of 1977, but the Milwaukee suffered the greatest loss of traffic with 131 fewer cars than the previous year, while the Soo Line actually received 52 more cars than they did in 1976.

There were no substantial car shortages for beer loading in the Milwaukee area for the period of May thru June 15, 1977.

PIGGYBACK LOADING

May 1977.	1,529	cars	
May 1976.	<u>1,827</u>	"	
Decrease.	- 298	"	or -16.3%
First 13 days of June 1977.	2,829	cars	
First 13 days of June 1976.	<u>2,778</u>	"	
Increase.	+ 51	"	or - 1.8%

During the period of May thru the present date, we have adequate trailers and railcars to meet existing demands for TOFC/COFC traffic. It is my understanding that the 9% decline in traffic suffered in May of this year is attributed primarily to inbound container business. We are experiencing a shortage of container flats for loading at Seattle as of this writing.

TOTAL REVENUE FREIGHT LOADING

May 1977.76,358	cars	
May 1976.	<u>.76,224</u>	"	
Increase.	+ 134	"	or .1%
First 13 days of June 1977.30,684	cars	
First 13 days of June 1976.	<u>.32,684</u>	"	
Decrease.2,000	"	or-6.1%

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TOTAL REVENUE FREIGHT LOADING (continued)

June, 1977 has 22 working days, compared to 22 working days in 1976. The total number of carloads for June, 1976 was 76,874. We estimate that we will load approximately 70,600 carloads in June, 1977.



General Superintendent Transportation

cc: Messrs. P. F. Cruikshank	G. F. Reynolds	W. W. Abbey
M. Garelick	D. M. Wiseman	J. T. Taussig
W. F. Plattenberger	P. C. White	H. H. Melzer
Q. W. Torpin	R. K. Merrill	L. L. Struble
L. V. Anderson	G. H. Kronberg	G. U. Fisher
R. F. Kratchwill	L. W. Harrington	
W. F. Ploeger	E. J. Stoll	
B. J. Worley	J. J. Nagle	

cc: Messrs. J. L. Agnew, Reg. Superintendent Transportation, Tacoma
 C. W. Burg, Ass't. Chief Statistician, Room 746 - Building

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