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Chicago, October 14, 1977

File: R-29 - Board Report

Mr. Worthington L. Smith:

The following is the equipment situation report for the month of September, 1977 and to date for October, 1977.

634 + mt.
9/19 thru 10/13
1204

GENERAL SERVICE BOX CARS

During the month of September our supply of general service 50-ft. box cars were in short supply to meet demands throughout the system. The shortage has increased during the month of October as a result of increased demand for freight cars throughout the nation. We continue to forward a greater number of system box cars to the western region of the railroad to protect paper and lumber loadings, and as a result we have been able to maintain a daily loading average of 55 cars per working day in the western region. We did receive a bonus this week in car supply, as SSI Corporation commenced delivering to us at the rate of nine cars per day, a total of 122 cars from FMC Corporation at Portland. We will have the benefit of these cars from now through the end of the month. We do understand that SSI production is to be very active between now and the end of the year, but at this writing we can not determine how many cars will be available to us for loading on the west end. Box car shortages in the paper territories of Northern Wisconsin and Michigan are quite severe and we continue to utilize all foreign Clearinghouse equipment that is available to us in the eastern region of the railroad, but we have had little success in being able to acquire equipment from connecting line railroads on a per diem basis to support our loadings due to their simultaneous shortages of equipment.

Our 40-ft. wide door and 50-ft. box cars continue to be on Car Assistance Directive. The percentage of system 50-ft. cars off-line remains stable at the 52% level during September and continues into October. The Car Condition Report indicates 679 of our 50-ft. box cars bad order which represents 12.8% of our fleet.

Paper Loading:

September 1977.	3,737 cars	
September 1976.	3,734 "	
Increase.	3 "	or (no change)

First ten days of October 1977.	1,202 cars	
First ten days of October 1976.	1,250 "	
Decrease.48 "	or 3.8%

Lumber Loading:

September 1977.	4,809 cars	
September 1976.	5,303 "	
Decrease.454 "	or 3.4%

First ten days of October 1977.	1,612 cars	
First ten days of October 1976.	1,584 "	
Increase.28 "	or 1.7%

WIRE

Tacoma, Washington

October 17, 1977

CRS - Chicago

Your letter R-29 dated October 14. First paragraph where you said "55 cars per working day". From September 19 thru Oct. 13 we loaded 1204 fifty-ft. boxes on Wash. division in the 19 working days, averaging 63.36 per day.

A-398

11:00 A.M. JLA

October 14, 1977

Mr. Worthington L. Smith:

COVERED HOPPERS AND GRAIN BOX

The demand for equipment to service grain orders during September was sluggish during the first half of the month, but began to increase dramatically during the second half, as a result of increased harvest activity and the marshalling of equipment for grain trains. Five hundred (500) covered hoppers were brought back from the western region to the Southern Minnesota and Iowa areas in anticipation of the increases. During the month of October we have experienced shortages of covered hoppers to meet current demand. We have had little success in getting assistance from foreign carriers, as their demand has been active although the Missouri Pacific and Santa Fe did supply the equipment for two grain trains. Northern Montana orders for covered hoppers have increased in the past week and we have sufficient equipment available to protect the orders. The Precoopering Program at Montevideo, Minnesota continues and the cars are being used primarily to handle sunflower seed movements and other grain in the local areas around Montevideo. It should be noted that since most of the harvest activity in October centers around corn, it is extremely difficult to substitute 40-ft. box cars for covered hoppers during times of shortage because of the discount practices used by the corn market.

On the first of September, we were operating two unit grain trains utilizing 76 private cars, 25 foreign cars and 24 system cars. By the end of the month the number of unit grain trains had increased to six with 189 private cars, 12 foreign cars and 99 system cars committed. At the present time we are operating eight trains, utilizing 244 private cars, 106 foreign cars and 76 system cars. We did have the cancellation of two prospective grain trains by Pillsbury Company and the reasons they stated for the cancellation of the trains was the difficulty in acquiring the necessary grain to support the trains and also the continued uncertainty associated with the Longshoremen strike, particularly on the Gulf Coast where picket lines have been put up at bulk loading facilities. We have just been advised by UPA this morning that they are cancelling one of their 75-car unit grain trains originating out of Albert City, Iowa due to the strike on the Gulf Coast, because they are unable to locate a port that will accommodate their grain.

The total grain loading for the month of October, 1976 was 5,026 carloads, and we estimate for October, 1977, we will load 4,800 carloads.

Grain and Soybean Loading:

September 1977.	5,011 cars		
September 1976.	<u>4,806</u>	"	
Increase.	205	"	or 4.2%
First ten days of October 1977.	1,203 cars		
First ten days of October 1976.	<u>1,437</u>	"	
Decrease.	234	"	or 16.2%

SMALL CUBE COVERED HOPPERS

The supply of small cube covered hoppers for cement and sand loading was sufficient to take care of all demands during the month of September. During October we have seen a slight shortage in small cube covered hoppers for sand loading, principally at Martin Marietta at Portage, Wisconsin. There has been an increased demand for sand cars by Martin Marietta and we are now in the process of acquiring some foreign cars for assignment to the pool to supplement their car supply.

October 14, 1977

Mr. Worthington L. Smith:

AIRSLIDE COVERED HOPPERS

The surplus of airslide covered hoppers continued during the month of September and to date in October. The labor difficulties experienced at Renville, Minnesota have been resolved and now all of the equipment that was re-positioned to Mason City, Iowa has been forwarded back to Renville.

OPEN TOP HOPPER EQUIPMENT

The supply of 50-ton open top hoppers during the month of September to the present date has been adequate to meet demand in all areas, with no significant surplusage occurring. We are in the process of marshalling equipment at Green Bay, Wisconsin in order to operate two 70-car trains from Randville, Michigan to Granite City, Illinois. The movement is expected to commence at the end of October and will involve 13 trips which we estimate will take five weeks to accomplish. The trains will be made up entirely of system equipment.

Indiana Power and Light operated 17 days with 17 trains, carrying 719 cars, or 75,761 tons.

Public Service ran 25 days with 41 trains, carrying 2,405 cars, or 174,098 tons.

The Colstrip-Columbia unit train made a total of 22 trips with 11 routed via St. Paul and 11 routed via Miles City. The Gascoyne-Big Stone City train as previously reported was inactive during the month of September due to annual Big Stone City Power Facility shutdown for repairs. We do expect this train to commence operations again on October 27.

Coal and Coke Loading:

September 1977.	7,104	cars	
September 1976.	<u>7,737</u>	"	
Decrease.	633	"	or 8.1%
First ten days of October 1977.	2,580	cars	
First ten days of October 1976.	<u>2,407</u>	"	
Increase.	173	"	or 7.1%

FLAT CARS

The supply of chain tie-down flat cars was surplus again during the month of September up to the present date. The implement manufacturers continue to experience suppressed demands for their products which is directly related to the poor grain markets being experienced in the agriculture industry. It should be noted that International Harvester this week announced plans to lay off 500 employees at their tractor plant in Rock Island, Illinois, until such time as inventory of tractors have been depleted.

The surplus of plain deck flat cars we have experienced all Summer continued in September and up to the present date.

Our supply of bulkhead flat cars for loading was generally adequate to meet demands for the month of September and up to the present date. The 48'6" bulkhead flat cars were surplus at various times during this period in the Pacific Northwest.

October 14, 1977

Mr. Worthington L. Smith:

FLAT CARS (continued) Machinery (including electrical) Loading:

September 1977.	1,288	cars	
September 1976.	<u>1,657</u>	"	
Decrease.	369	"	or 22.2%
First ten days of October 1977.	420	cars	
First ten days of October 1976.	<u>418</u>	"	
Increase.	2	"	or 31.4%

MULTI-LEVEL AUTOMOTIVE EQUIPMENT

The car supply to support Galewood and import loadings was sufficient during the month of September and to the present date, with no car shortages resulting during this period. Galewood loadings have been extremely sluggish in light of the new Model year and we understand that the principal problem is the inability of our trucking contractor to move the vehicles from the Detroit area over to the Galewood ramp. As a result, we are building a considerable surplus of enclosed tri-levels on our railroad at this time. The import loading in the Pacific Northwest has been slow during September and October due to numerous problems incurred by Honda and Chrysler in conjunction with their Model changeover. As of this writing, we do not have any definite orders for equipment by either Honda or Chrysler although we understand that there is a huge number of vehicles on the ground in the Portland and Tacoma port areas.

Motor Vehicle Loadings:

September 1977.	2,756	cars	
September 1976.	<u>2,383</u>	"	
Increase.	373	"	or 15.6%
First ten days of October 1977.	925	"	
First ten days of October 1976.	<u>646</u>	"	
Increase.	279	"	or 43.1%

Galewood Loadings:

	<u>Tri-Levels</u>	<u>Bi-Levels</u>	<u>Total</u>
September	99	0	99
October (as of 10/12)	24	0	24
Year	806	215	1,021

Import Loadings:

	<u>Honda</u>	<u>Chrysler</u>	<u>Total</u>
September	20	23	43
October (as of 10/12)	24	12	36
Year	970	355	1,325

GONDOLA EQUIPMENT

The demand for covered gondolas of all types in September and continuing into October has been very strong and our ability to supply this equipment has been inadequate to fill all orders. We estimate we are failing to fill approximately 35 car orders per

October 14, 1977

Mr. Worthington L. Smith:

GONDOLA EQUIPMENT (continued)

week in this equipment.

The supply of regular gondolas during the month of September was generally adequate to meet demands. However, we are experiencing a severe shortage of gondolas during the month of October. The shortage is due to an increased level of revenue scrap orders, and several of the eastern carriers have placed their gondolas on restrictive Car Service Orders which has significantly reduced our foreign car supply. Requirements for the movement of company rail and ties in conjunction with FRA activities continues to be quite strong.

REFRIGERATOR AND DF CARS

The demand for mechanical refrigerators during the month of September was unusually low. The low demand for mechanicals for loading in the Columbia Basin continued due to the suppressed market price for potatoes. In October we have experienced some increase in demand for mechanical refrigerators in the Columbia Basin and we have been able to meet the demand for equipment, although any significant operating problem has resulted in spot shortages. From January 1 through September 30, 1977, we loaded 2,124 mechanical refrigerators off the West Coast which is a decline of 352 in comparison to the same period for 1976.

The demand for all RBL equipment for canned goods loading maintained its seasonal high level in the month of September and continues to the present time. We are experiencing severe shortages for RBL cars in all areas of the railroad, particularly in the Wisconsin and Minnesota regions.

The total beer loading in Milwaukee was 1,942 cars for September 1977, compared to 2,277 in 1976. This is a net decrease of 334 cars. Schlitz showed a decline of 88 cars, with the Milwaukee Railroad experiencing a reduction of 54 cars, while the Soo Line had a decrease of 15 cars. The Milwaukee Road did receive 154 carloads in comparison to 136 carloads given to the Soo Line by this firm. Miller Brewing Company for the month of September had a decline of 246 cars over the same period for last year, with the Milwaukee Railroad having a 227-car decrease while the Soo Line had a 21-carload decrease. There were no significant freight car shortages for loading at the breweries during the month of September, however, during this week Miller Brewing Company has suffered severe shortages of equipment. The Transportation and Traffic Departments are jointly studying this matter to see what can be done to stabilize the car supply situation for the breweries, as it appears that approximately every five to six weeks we experience very drastic reduction in the number of assigned cars being returned to the breweries.

Beer Loading in Milwaukee:

September 1977.	1,379 cars
September 1976.	<u>1,648</u> "
Decrease.	269 " or 16.3%

PIGGYBACK LOADING

During the period of September thru the present date, we have experienced a very severe shortage of trailers and railcars to meet existing demands for TOFC and COFC traffic. This shortage is nationwide, as merchandise loadings traditionally increased to a high volume during the pre-Christmas season and is no doubt being

October 14, 1977

Mr. Worthington L. Smith:

PIGGYBACK LOADING (continued)

complicated by the Longshoremen strike on the Atlantic and Gulf Coasts.

September 1977.	8,754 cars	
September 1976.	<u>7,553</u> "	
Increase.	1,201 "	or 15.9%
First ten days of October 1977.	2,641 cars	
First ten days of October 1976.	<u>2,658</u> "	
Decrease.17 "	or .6%

TOTAL REVENUE FREIGHT LOADING

September 1977.72,011 cars	
September 1976.	<u>.75,873</u> "	
Decrease.	3,862 "	or 5.0%

October, 1977 has 20 working days, compared to 21 working days in 1976. The total number of carloads for October, 1976 was 74,127. We estimate that we will load approximately 74,000 carloads in October, 1977.

F. B. Cederholm
General Superintendent Transportation

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|------------------------------|------------------|---------------|
| 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. Kratochwill | L. W. Harrington | |
| W. F. Ploeger | E. J. Stoll | |
| B. J. Worley | J. J. Nagle | |

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

CRS/mim