

# in brief...

PUBLISHED MONTHLY FOR EMPLOYEES OF CONSOLIDATED RAIL CORPORATION

CONRAIL



January, 1983

## CONRAIL IN '82: PERFORMANCE DESPITE THE ODDS

Employee cooperation, innovative marketing and sales programs, and quality rail service helped Conrail to make progress last year towards its goals of profitability and a return to the private sector, said Conrail in a year-end statement to the press on December 22.

While complete results of Conrail's performance last year won't be available until late February, when the 1982 Annual Report is scheduled to be published, some clear trends are already evident. The *Conrail Inside Track* will include a special annual report to employees in March to bring them up to date.

In the meantime, here are some highlights from last year.

- Conrail will report a profit for 1982 larger than the 1981 profit, however, most of the improvement year to year comes from sales of tax benefits.

- Freight carloadings for the year will be about 20.4 percent lower than carloadings in 1981, due to severe recessionary declines in demand for automobiles, coal, steel and other major industries served by Conrail.

- Conrail service to shippers in 1982 continued at the same high level achieved in 1981, when it was already comparable to service given by the best railroads in the country.

"The company performed well financially under the most difficult of economic conditions," said Chairman and Chief Executive Officer L. Stanley Crane in the statement to the press.

"We took a number of actions in 1982 to reduce our costs, including physical sizing of our rail system for freight traffic requirements. At the same time, we continued to receive the benefits of a wage increase holddown of 12 percent annually, which was negotiated in 1981 for union employees and shared by non-union employees. We also made substantial cost reductions by using provisions of the Northeast Rail Service Act (NERSA) of 1981.

"We continued to generate new traffic in specific areas, while preserving present market positions, where possible, in others. We also enhanced our marketing efforts by implementing provisions of the Staggers Rail Act of 1980.

"Our challenge in 1983 is to arrest the traffic decline of 1982 and meet our projections for a stable traffic base or very modest

traffic growth; at the same time, we must continue to control costs through management initiatives on a number of fronts."

Under NERSA, Conrail must meet certain profitability requirements this year—including having the ability to meet day-to-day operating expenses, and to borrow capital in the private market sufficient to meet all of Conrail's capital needs.

"I believe that even with a minimal national economic recovery, Conrail can reach its profitability objectives," said Crane.

## LOCOMOTIVE, CAR SHOP EMPLOYEES FURLOUGHED

Early this month, Conrail furloughed 546 employees in its car and locomotive repair shops, in response to poor business conditions.

The furloughed employees, including both agreement and non-agreement workers, included 322 in the Hollidaysburg Car Shops, 98 in the Altoona Locomotive Repair Shops, 65 in the Meadville Car Shops and 61 in the Reading Car Shops. All of the repair locations are in Pennsylvania.

In 1982, Conrail's traffic fell an estimated 20.4 percent below levels for 1981, resulting in large numbers of locomotives and freight cars being placed in storage...and a decreased need for equipment repairs. As of January 4, about 42 percent of Conrail's freight cars and 41 percent of its locomotives were in storage.

## SULLIVAN APPOINTED VP-RESOURCE DEVELOPMENT

Former Vice President-Passenger Services Richard C. Sullivan has been appointed Vice President-Resource Development, effective January 11.

In this new position, Sullivan will be responsible for various programs to expand Conrail's capabilities to benefit from its human and physical resources. Sullivan has assumed responsibility for the Human Resources Department from Vice President-

## PASSENGER SERVICES TRANSFER COMPLETED

On January 1, Conrail transferred its contract passenger services obligations to regional commuter authorities, under the terms of the Northeast Rail Service Act of 1981.

Commuter trains formerly operated by Conrail under contract with the Maryland Department of Transportation are now being operated by AMTRAK. Metro-North, a subsidiary of the New York Metropolitan Transportation Authority, has responsibility for trains formerly operated by Conrail under contract with the MTA and the Connecticut Department of Transportation. And trains in New Jersey and New York formerly operated by Conrail for NJ Transit are now the responsibility of New Jersey Transit Rail Operations, Inc.

Also effective January 1, Conrail was relieved of its obligation to provide crews and other support labor to AMTRAK for the Northeast Corridor Services. Conrail will continue to provide off-corridor intercity services under contract with AMTRAK.

The transition went smoothly in most areas; service in New York, Connecticut, New Jersey and Maryland continued uninterrupted under the new operators. In the Philadelphia area, the Southeast Pennsylvania Transportation Authority (SEPTA) temporarily shut down passenger train operations on December 31 and resumed limited service the next day. At this writing, SEPTA is gradually restoring service to most locations.

Freeing Conrail of passenger responsibilities enables the railroad to concentrate on providing efficient freight service.

Human Resources Robert B. Hennessy, who will leave Conrail next month to join another firm.

The new Resource Development Department will also have prime responsibility for the potential use of Conrail's rights of way for communications purposes. In addition, Sullivan will continue to be responsible for concluding the work of the Passenger Services Departments.

### CRANE SELECTED AS "MAN OF THE YEAR"

Conrail Chairman and Chief Executive Officer L. Stanley Crane has won the "Man of the Year" award from *Modern Railroads* magazine for his accomplishments at Conrail last year. The award was announced in the January edition of the magazine.

Crane is the only railroading executive to be selected twice for this award by the *Modern Railroads* staff. He also was Man of the Year back in 1974, when he was executive vice president-operations of the Southern Railway System.

*Modern Railroads* bases its selection on the candidate who has played a major role in a significant development in the rail industry. Said the magazine in its story this month about Crane: "In designating Stan Crane as the 1983 Man of the Year, the MR staff has made a selection for this annual award that isn't likely to provoke much second-guessing. For the astounding turnaround of Conrail since Mr. Crane became chairman in January 1981 must rank as one of the top industry achievements of recent years."

### LUMBER TRANSFER YARDS SET UP IN NEW YORK, MARYLAND

Conrail, in a rail price/service package aimed at attracting Canadian lumber traffic, has established three new lumber transfer yards, in South Schenectady and Poughkeepsie, New York, and in Baltimore, Maryland. (The transfer yards are owned and operated by independent contractors.)

The Conrail transportation and distribution service package offers significant cost savings for lumber moved from western Canadian mills for distribution in the United States. In cooperation with the Canadian Pacific, lumber shipments from Alberta and British Columbia are interchanged with Conrail at Adirondack Junction, Quebec, and Welland, Ontario, for delivery to one of the three lumber transfer yards. At the yards, lumber may be stored without charge for up to 30 days before being loaded onto trucks for delivery to distributors and retail outlets.

The strategic locations for these yards were chosen because they represent important lumber markets and are easily accessible to highways. Most home improvement centers and retail lumber sales establishments in the Northeast rely heavily on trucks to deliver their supplies.

By developing this new price/service package that allows lumber suppliers to ship large volumes to transfer yards—while also permitting smaller wholesalers and retailers to receive mixed consignments at the yards—Conrail expects to generate additional lumber traffic.

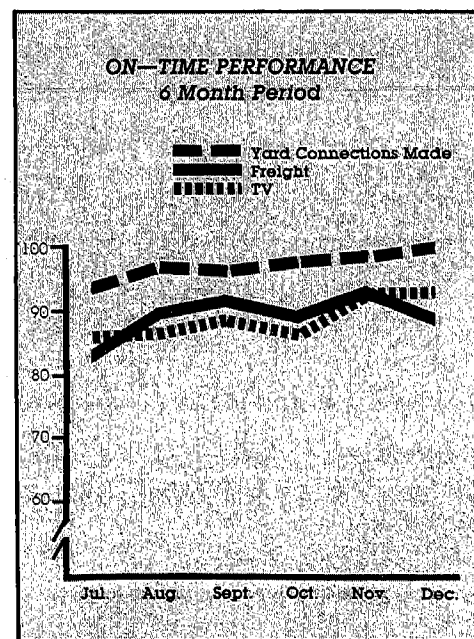
Crane was also credited for being a "hands on" manager who averages at least one day each week out on the railroad. "As of last November, he had personally inspected every foot of Conrail's 15,000 route-mile system," said *Modern Railroads*.

### SERVICE REPORT

A slowdown over the holidays brought some service levels down slightly in December from November levels—but all measures of service were up from the same period a year earlier.

Last month, 82 percent of the carloads measured under Conrail's Keypoint Quality Control Program reached their destinations within 24 hours of schedule. This program measures the time it takes for Conrail to deliver the carload of freight from the shipper or interchange with another railroad to its destination on Conrail. The keypoint index was up one percentage point from December of 1981.

Mail train schedule performance continued high last month—98 percent reached destination yards within one hour of schedule, compared with 72 percent for December of 1981. TrailVan trains were 92 percent on time, compared with 81 percent during December a year ago, freight trains were 89 percent on time, up from 81 percent in December of 1981, and 99 percent of cars monitored at Conrail yards made their connections on time, up three percent from the same period in 1981.



### IN DETROIT, FASTER SERVICE FOR PIGGYBACK TRAFFIC

Conrail has reduced transit times by 11 to 24 hours on piggyback traffic originating in Detroit bound for Harrisburg and Allentown, Pennsylvania as well as Baltimore, Maryland.

The reductions were accomplished by changing connecting train patterns. This

allows all such shipments to travel on Conrail's dedicated intermodal TrailVan trains, which speed trailers and marine containers mounted on flatcars over Conrail's core route system at speeds of up to 70 mph.

Before the changes were instituted, some of the Detroit-origin piggyback traffic had to be handled on regular freight trains, which operate at lower speeds and make more frequent and longer stops en route. Handling this traffic exclusively on intermodal trains also allows it to avoid the time-consuming yard classification process, which is necessary for most shipments on regular freight trains.

The improved service saves 16 hours for Detroit-Baltimore piggyback traffic, 11 hours for Detroit-Harrisburg piggyback traffic, and up to 24 hours for Detroit-Allentown piggyback traffic. The service is available seven days a week, with a 6 p.m. cutoff time for receipt of trailers and containers at Detroit, the same as before the changes went into effect.

On a daily basis, Conrail operates more than two dozen dedicated intermodal trains serving 30 TrailVan terminals in key markets in the Northeast and Midwest.

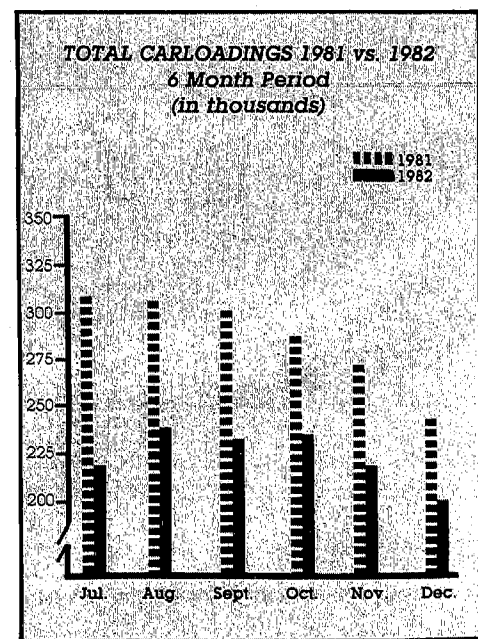
### BUSINESS REPORT

Conrail hauled 14.7 percent fewer carloadings last month than it did a year earlier.

Carloadings of primary metals continued poor—down more than 46 percent from December of 1981. Pulp and paper were down 12 percent, food products were down 17 percent, and waste and scrap were down 31 percent.

Increased demand for automobiles and increased carloadings of export and domestic grain helped strengthen Conrail's traffic in those areas last month. Carloadings of transportation equipment—a large part of which is automobiles—was nearly equal to levels of a year ago, as dealer incentives spurred demand for 1982 model cars.

More competitive services and rates for grain helped to push Conrail's carloadings for farm products up 22 percent in December from the same month in 1981. Trailer-on-flatcar traffic continued strong, with carloadings up more than 17 percent from levels for December of 1981. Non-metallic minerals were up 15.2 percent, and lumber and wood products were up 3.6 percent.



### NEW PRIVACY POLICY IS IN PLACE

Conrail has a new formal policy which safeguards the confidentiality of employee information by defining the manner in which this information is to be maintained and used. It also assures employees' right to know what information Conrail maintains about them.

The purposes of the policy, Privacy of Employee Information, (AD 0.15) are to make sure that the information the company collects and retains about employees is limited to what is required for valid business, legal and regulatory purposes; to ensure confidentiality and proper safeguarding of information about employees; and to give all employees reasonable opportunity to see their own records.

The policy sets strict guidelines for maintaining specific types of employee information, releasing it for use inside and outside the company, allowing employees to review the information pertaining to them, and giving employees the chance to change any information they deem incorrect. The policy also defines the responsibilities of employees whose jobs require them to deal with personal information about other employees.

Copies of the policy have been

distributed to appropriate supervision throughout the company. Employees wishing to examine the policy should ask their supervisors or visit their regional personnel office. Employees wishing to see their own personnel files should contact their regional personnel office.

### BIGGER TRUCKS COULD HURT RAIL TRAFFIC

The Surface Transportation Act, signed into law during the week of January 2, 1983, has cleared the way for bigger, heavier trucks—which Conrail and other railroads say could hurt merchandise traffic currently handled in boxcars or via piggyback.

Besides providing for a five-cent-a-gallon increase in federal taxes on fuel, effective April 1, 1983, the new law also has increased maximum allowable truck lengths, widths and weights. Effective 90 days after passage, trucks of up to 80,000 pounds were permitted nationwide on the interstate system, overriding some states that had set lower limits. Maximum trailer lengths were increased immediately to 48 feet for singles and 28 feet for each trailer in twin combinations; truck widths have been increased to 102 inches.

While the new law also increases user fees for heavy trucks—to \$1,600 annually for the heaviest trucks (80,000 pounds, gross vehicle weight) effective July 1, 1983—the extra costs generated by these user fees are expected to be more than offset by the efficiencies of larger sizes and weights.

Conrail has estimated that the larger sizes will give trucks a 16 percent decrease in unit cost per cubic foot, while the higher taxes will increase their costs only by about three percent. The result is that trucks could cut their costs by about 13 percent, thus becoming more competitive with rail traffic.

In an interview with the *Journal of Commerce*, Conrail Vice President-Marketing Richard Steiner said that the new law could hurt Conrail's piggyback traffic through states that had previously prohibited bigger trucks. Conrail handles approximately 600,000 piggyback trailers and containers per year.

The lower costs and higher flexibility permitted by the new law will hurt railroads' piggyback traffic because the larger truck trailers would be incompatible with the flatcars currently used by railroads for intermodal traffic. Since flatcars are built to accommodate no more than one 40-foot and one 45-foot trailer, railroads could either haul only one 48-foot truck trailer per flatcar which is prohibitively expensive, or replace their flatcar fleets.

### NEWS DIGEST

#### WASHINGTON UPDATE

**RAILROADS ASK DELAY IN PER DIEM INCREASES**—The nation's railroads have asked the Interstate Commerce Commission to allow them to forego the scheduled increase in rail car per diem rates, because of the slump in rail traffic.

The Association of American Railroads and the American Short Line Railroad Association asked the ICC to suspend or delay the 1983 rate increase, which could add 25 percent to daily car hire charges. The railroads said that higher rates would force traffic to other modes, increase the number of idle cars, and discourage efficient routing of cars.

Because more cars from other roads come into Conrail territory than go out, Conrail would be especially hard hit by increased car hire costs. Conrail's Car Management and Law departments estimate that a 25 percent hike in per diem rates could cost Conrail \$23 million in 1983.

**ICC LIFTS TRUCKING RESTRICTION**—Early this month, the Interstate Commerce Commission (ICC) lifted restrictions on trucking service by railroads, permitting them to offer any kind of truck service whether or not it is directly related to the rail business.

Previously, railroads were allowed to offer only truck runs that were either attached or parallel to a rail line. Railroads have argued that this restriction has limited the growth of piggyback traffic. The ICC said that allowing railroads more flexibility in trucking services was in keeping with the "pro-competitive" trend that began with the deregulation of the rail and trucking industries in 1980.

**SAFETY AND SERVICE ACT PASSES CONGRESS**—The Rail Safety and Service Improvement Act of 1982 passed both houses of Congress in late December and was awaiting the President's signature or veto at this writing.

The bill, if signed into law, would provide an uncertain amount of federally-subsidized loans for any financially responsible person, except for a Class I rail carrier, to purchase, lease or rehabilitate a line that Conrail abandons or on which Conrail has filed a Notice of Insufficient Revenue.

The Rail Safety and Service Improvement Act also authorizes an additional \$75 million for the transfer of Conrail's commuter service, and \$30 million for high-speed rail service improvements to the Atlantic City-Philadelphia line if AMTRAK determines it is feasible.

## in brief...

### NOVEMBER'S SAFETY PERFORMANCE IS BEST EVER

Conrail's safety performance hit an all-time high in November as lost-time injury rates hit an all-time low.

#### YEAR-TO-DATE LOST TIME FREQUENCY RATE BY DIVISION November, 1982

Rank	Division	Rate
1	Canada	0.00
2	Toledo	2.15
3	Allegheny	2.93
4	Chicago	3.19
5	Pittsburgh	3.22
6	Cleveland	3.25
7	Youngstown	3.57
8	Columbus	4.39
9	Buffalo	4.82
10	Mohawk-Hudson	4.85
11	Southwest	5.38
12	New Jersey	5.64
13	Harrisburg	6.11
14	Detroit	6.58
15	Michigan	7.16
16	New England	7.22
17	Philadelphia	8.21

The system lost time injury frequency rate, the number of injuries per 200,000 man-hours worked, stood at 3.05 for the month of November—more than 46 percent better than November of 1981 and 31 percent better than October of 1982. In freight operations, the number of lost-time injuries stood at 78 for November—the best record in corporate history and a decrease of almost 63 percent from November of 1981.

The Southern, Central, Western and Northeastern regions posted monthly lost-time rates for November of 1.84 or less and improved 66 percent or better than November of 1981. And among Conrail divisions, the Allegheny, New England and Canada divisions had no lost-time injuries at all in November.

On a year-to-date basis, the Central Region has the best safety performance and the Western Region is the most improved.

### IN THE PRESS:

Conrail today is on the profit track—thanks in large part to a roadway program in which one and three-quarters of a billion dollars have been invested, with a keen eye for quality control.

"You cannot put up a much better railroad than this," says Benjamin J. Gordon, chief engineering officer, Conrail. Since 1976, with \$1.75 billion in federal aid, Conrail's own resources and state and local funding, the railroad has been transformed. Once a property riddled with 8,000 miles of slow orders, it is now a lean, efficient system of 132-to-140-pound continuous welded rail, good ballast and careful maintenance.

Gordon, who has been with Conrail and predecessors Penn Central and New York Central for 35 years, says the railroad's current condition is "better than it has ever been by far during my railroad career."

—*Railway Age*, cover story,  
December 13-27, 1982.

### NEWARK EXPLOSIONS CAUSE INJURIES, DAMAGE

A series of explosions on January 7 at a Texaco gasoline storage facility, adjacent to Conrail's Oak Island Yard in Newark, New Jersey, resulted in injuries to a dozen Conrail workers and severe damage to six locomotives and 41 freight cars.

The explosions, which fire officials say were caused by a leaking gas tank and sparks from a nearby incinerator, touched off a petroleum fire that burned for three days. Operations at Oak Island Yard were temporarily reduced, with some trains being rerouted to Conrail's yard in Allentown,

Pennsylvania. Oak Island Yard was back to normal by early Monday, January 10.

Of the employees injured, two car foremen suffered hearing losses and two employees were hospitalized: a locomotive engineer for smoke inhalation and lacerations, and a brakeman for scalp injuries. The others were treated and released.

At present, the brakeman is still hospitalized and listed in fair condition, and the extent of hearing loss suffered by the car foremen is unknown.

## in brief...

*In Brief* is published by the Public Affairs Department of Consolidated Rail Corporation, Room 1040, Six Penn Center, Philadelphia, Pennsylvania, 19104.

Letters to the editor are welcome and should be sent to the above address.

**Change of addresses:** Obtain Conrail Form G-2101 (Change of name and/or address) from your paycheck distributor or office manager. Send the completed form to Director-Payroll Operations, Room 207, 15 N. 32nd Street, Philadelphia, Pennsylvania, 19104.

Cathy Flynn, editor  
Diana Irvin, art director

FIRST CLASS  
U.S. Postage  
Paid  
Philadelphia, PA  
Permit No. 227

EF KELLEY  
64 FIRST ST  
TAUNTON

753903 FR  
MA 02780