

# in brief...

PUBLISHED MONTHLY FOR EMPLOYEES OF CONSOLIDATED RAIL CORPORATION

CONRAIL

October, 1983



## SANTA FE TO MERGE WITH SP; ISSUES STATEMENT ON CONRAIL

On September 27, Santa Fe Industries, Inc., and Southern Pacific Company announced that they agreed in principal to merge. Under the agreement, each company would become a subsidiary of a newly-formed holding company called Santa Fe Southern Pacific Corporation.

Santa Fe had announced on July 27 that it would take an "in-depth look" at the possibility of buying Conrail from the federal government, in order to increase its size and its market power. In the following statement released by Santa Fe Industries on October 11, the company expressed its continuing interest in investigating Conrail.

*Santa Fe Industries, Inc. has a continuing interest in investigating Conrail, John J. Schmidt, Chairman and Chief Executive Officer, announced today. The announcement came after Schmidt met with officials of Conrail, the U.S. Department of Transportation, and representatives of Goldman Sachs,*

*the investment banking firm serving as consultant to the Department.*

*Schmidt said that the parties are reassessing the timing and procedures of the Conrail investigation, which he had announced in July, in the light of the recent announcement by Santa Fe Industries and Southern Pacific Company that they had reached a preliminary agreement to combine those two companies.*

*"Whatever the outcome of this reassessment, we have a deep interest in the viability of Conrail as a major supplier of transportation in the Northeast, especially since it is an important connection to Santa Fe," Schmidt said. "I am confident that the entire railroad industry and the shipping community in general shares this interest and concern," he concluded.*

In a joint statement announcing the Santa Fe and SP merger, Schmidt and Benjamin F. Biagini, chairman and chief executive

officer of Southern Pacific Company, said. "The new company will combine basic transportation, natural resources, real estate and financial services, offering shareholders a broader-based enterprise and affording customers, employees and the communities we serve greater opportunities than either company might be expected to achieve alone."

"The efficiencies inherent in this combination are necessary to maintain our competitive position in an environment wherein major railroad combinations have taken place," the statement continued.

The combined rail lines of the merged Southern Pacific and Santa Fe railroads will total about 25,000 miles, making the new combination the third-largest railroad in the country. The largest is Burlington Northern, Inc., with 28,900 miles of track; second-largest is CSX Corporation, with 26,400 miles.

## BOXCAR DEREGULATION CONTROVERSY CONTINUES

While Conrail has taken a number of steps to prepare for boxcar deregulation—scheduled to go into effect on November 7—a number of special interests in Washington are still trying to delay it or stop it altogether.

An amendment scheduled to be introduced on October 18 by Senators Slade Gorton (R-Washington State) and Robert Kasten (R-Wisconsin) would delay deregulation's provisions on car hire, which would most benefit railroads, from going into effect until the courts can evaluate the case of the parties opposing deregulation.

Boxcar deregulation is expected to help Conrail and other railroads by reforming the rules for these car hire rates (rental fees that railroads pay each other and boxcar leasing corporations for use of their boxcars.) These car hire rates are estimated to cost the rail industry \$300 million annually in wasted movements of empty cars, as railroads scurry to return empty boxcars to their owners to avoid car hire charges.

After considerable efforts by Conrail—the prime mover behind boxcar deregulation—and other railroads, the Interstate Commerce Commission approved boxcar deregulation last Spring. Since then, special interests such as short-line railroads and boxcar leasing corporations have been lob-

bying to delay or repeal that decision. These special interests gain a substantial portion of their revenues from car hire costs paid by others.

In the meantime, Conrail has continued to form agreements with other railroads to encourage efficient handling of boxcar traffic, in preparation for deregulation. The most recent agreements were reached over the past month with the Burlington Northern Railroad and the Bay Colony Railroad, a Massachusetts-based short line.

The purpose of these agreements is to encourage these connecting roads to reload cars owned by Conrail instead of returning them empty. Conrail, in turn, would do the same with their boxcars. The arrangement is expected to improve equipment utilization for all the railroads involved.

Earlier, Conrail had reached similar agreements with the Southern Pacific Railroad and the Delaware Otsego System, which owns five short-line railroads in New York, New Jersey and Pennsylvania. Conrail has also announced a number of rate reductions for shippers who load their freight in boxcars that would otherwise return empty to their home roads.

Employees wishing to help Conrail and other railroads reap the full benefits of boxcar deregulation should write to key elected officials from their state in Washington and urge them to make sure that the ICC's decision remains intact. Here is a list of those key officials in the House of Representatives and the Senate.

**House**—Massachusetts: Edward P. Boland, Joseph D. Early, Silvio O. Conte, New York: Joseph P. Addabbo, Matthew F. McHugh, Robert J. Mrazek, Jack F. Kemp, Bill Green, Maryland: Clarence B. Long, Steny H. Hoyer, Illinois: Sidney R. Yates, George M. O'Brien, John Edward Porter III, Ohio: Louis Stokes, Clarence E. Miller, Ralph S. Regula, Pennsylvania: John P. Murtha, William H. Gray III, Joseph M. McDade, Lawrence Coughlin, Michigan: Bob Traxler, M. Robert Carr, Carl D. Pursell, New Jersey: Bernard J. Dwyer, Connecticut: William R. Ratchford, Indiana: John T. Myers, Virginia: J. Kenneth Robinson. Address correspondence to U.S. House of Representatives, Washington, DC 20515.

**Senate**—Lowell P. Weicker, Jr. (Connecticut), Alfonse M. D'Amato (New York), Arlen Specter (Pennsylvania), Robert C. Byrd (West Virginia). Address correspondence to U.S. Senate, Washington, DC 20510.

## **INDUSTRY WEEK HONORS CRANE**

L. Stanley Crane, Conrail's chairman and chief executive officer, has received the Excellence in Management Award sponsored by Industry Week magazine for his efforts in improving understanding between the government and the private sector.

The award was presented to Crane October 13 at a New York City luncheon sponsored by the magazine. Results of the magazine's "Search for Excellence" program, along with articles on the award recipients, were announced in Industry Week's October 17 issue.

Besides Crane, other 1983 Excellence in Management recipients are: Wilbert L. Gore, chairman, Gore & Associates, for working toward sound labor-management relations; James L. Ketelsen, chairman, Tenneco Inc., for public service to the community; and David Stedman, chairman, Stedman Corp., for promoting the private enterprise system.

The Industry Week award is the most recent honor citing Crane for his efforts on behalf of Conrail and the entire rail industry. Earlier this year, he was named "Man of the Year" by Modern Railroads magazine, the St. Louis Railway Club and the National Defense Transportation Association. This spring he was awarded the Salzberg Memorial Medallion by Syracuse University and was selected as a "Distinguished Visitor" by the University of Vermont. In 1982, he received the Seley Award of the Transportation Association of America and the Joseph C. Scheelen Award of the American Society of Traffic and Transportation.

## **LABOR/MANAGEMENT PROJECT MOVES TO SOUTHERN REGION**

Conrail's 15-month-old Labor/Management Project took another step forward recently and expanded to the Southern Region.

The project, which encourages employees to solve problems and help Conrail save money through quality circles and joint labor/management committees, was introduced to management representatives in the Southern Region, Columbus Division and Southwest Division in September. This month, it was introduced to labor representatives in the Columbus Division. The next step will be to establish a joint labor/management committee on the Columbus Division to discuss problems and areas of mutual concern affecting that division. The process will then move to the Southwest Division.

The project is currently in place in the Cleveland, Detroit and Toledo divisions; at the 32nd Street offices in Philadelphia and at Conrail's system locomotive repair shops in Altoona, Pennsylvania. Here are some of

## **CONRAIL OFFERS PROGRAM FOR HANDICAPPED, VETERANS**

Conrail would like all of its employees who are disabled veterans or handicapped to be aware of its Affirmative Action Program.

As a federal contractor, Conrail is subject to the requirements of Section 503 of the Rehabilitation Act of 1973, as well as Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974. These acts prohibit discrimination and require federal contractors such as Conrail to undertake affirmative action to employ and to advance handicapped persons, disabled veterans and Vietnam Era veterans.

• Section 503 of the Rehabilitation Act of 1973 defines a "handicapped individual" as any person who (1) has a physical or mental impairment which substantially limits one or more of such person's major life activities; (2) has a record of such impairment; or (3) is regarded as having an impairment.

• Section 402 defines a "disabled veteran" as a person who is entitled to disability compensation under the laws administered by the Veterans Administration for a disability rated at 30 percent or more, or a person whose discharge or release from active duty resulted from a disability incurred or aggravated in the line of duty.

These acts require Conrail to use job qualification standards that are job-related and which do not unnecessarily screen out qualified handicapped persons. Conrail is also required by law to make "reasonable accommodations" in the workplace to the physical and mental limitations of its employees. The degree of accommodation

an employer must make under the law is determined by such factors as safety, business necessity and financial cost.

Conrail wants to ensure that its obligations to employ and promote qualified handicapped employees, disabled veterans and Vietnam Era veterans are being met. In order to be in a position to assist handicapped and disabled veteran employees overcome problems they may be experiencing in the workplace, Conrail must be able to identify its covered employees.

Accordingly, those employees meeting the definition of handicapped person or disabled veteran and who wish to be covered under Conrail's affirmative action plan should obtain from the Regional Personnel Manager in their region the Handicapped and Disabled Veteran identification form (Conrail Form P41). This form should be completed by the employee and returned to the Manager-Equal Employment at the address shown on the form.

Identification of handicapped persons and disabled veterans by means of the P41 form is voluntary. Information concerning individuals will be kept confidential, and used only in accordance with the acts.

In completing the identification form it would be helpful if employees would identify any special methods, skills and procedures which qualify them for positions that they might not otherwise be able to do because of their handicap or disability, and the accommodations which Conrail could make which would enable them to perform the job properly and safely, including special equipment or changes in the physical layout of the job.

## **"THE WHEEL" ROLLS AGAIN**

"The Wheel", the huge stacker/reclaimer at Conrail's Lower Lake Coal Dock in Ashtabula, Ohio, is rolling again after being rebuilt at a cost of \$1.7 million.

The rebuilding of the Wheel strengthens Conrail's capability to handle coal and complements the new through rates introduced last spring for the movement of Ohio Valley coal through the Ashtabula and Toledo docks.

The Wheel is a machine similar in appearance to a construction crane. It is three stories high, one third as long as a football field and rolls on tank-like treads around the Ashtabula dock, utilizing a bucket wheel at the rear to scoop up the coal, and a conveyor belt system on the front to distribute it.

As the most efficient and cost-effective means of handling coal to and from ground storage, the Wheel is vital to the operation of the Ashtabula dock, which has ground storage for 1.5 million tons of coal and handled 5 million tons in 1982 for destinations in Canada and the Eastern United States. This tonnage was 17 percent of the total bituminous coal shipped via railroad-owned Lake Erie ports to various utilities and industries adjacent to the Great Lakes.

## NEWS DIGEST

**CONRAIL IS BULLISH ON BUFFALO**—At a meeting of the Western Railway Club in Buffalo, New York on September 15, Conrail Chairman and Chief Executive Officer L. Stanley Crane said that the city "is geographically and commercially vital to the Conrail system." Buffalo is a key gateway to many parts of the Conrail system and to its major connections, Crane said, and commercially, Conrail and Buffalo share a basic interest in long-term development in the steel and automotive, grain and grain products, chemicals and coal markets.

"If rail service ever becomes an issue in your development plans, let us know," Crane told the group. "We will work with you. We are in a better position than ever to do so. Indeed, we now have the opportunity, as never before, to achieve economic growth. We now have the ability, and the will, on the part of the railroad, industry, the city administration, county government and state government, to cooperate in a manner that can produce results."

**EXPORT COAL RATES DEREGULATED**—Despite efforts by the coal industry, railroad freight rates on export coal were deregulated on September 12, after a federal

appeals court ruled that the Interstate Commerce Commission's March 3 decision could become effective.

After the ICC's decision to deregulate export coal, the coal industry sought to block deregulation because they felt that so many coal mines are served by a single carrier that the potential existed for price-gouging on the part of the railroads. The ICC contended that many individual mines are owned by large corporations that had enough bargaining power with the railroads. The appeals court ruled in favor of the ICC on September 9, allowing deregulation to become effective on September 12.

Deregulation of export coal is expected to benefit Conrail by giving it more freedom to quickly take the pricing and service actions necessary to allow it to participate in the export of the qualities of coal that are in greatest demand overseas.

## BUSINESS REPORT

Increased carloadings of automobiles, steel and piggyback traffic helped Conrail to sustain the trend of growth in business that began in June.

Last month, Conrail hauled 249,185 carloads of freight, 7.5 percent more than it hauled in the same period last year. Traffic loaded on Conrail lines was up almost 10 percent, traffic received from connections was up 4.2 percent.

Thanks to increased sales and production of automobiles, Conrail's movements of transportation equipment rose almost 30 percent last month over the same period a year ago. Increased automobile production created a greater need for sheet steel, which helped to increase Conrail's movements of primary metals traffic by 34 percent. And a recovery in the plastics industry increased Conrail's movements of chemicals used to make plastic, thus increasing its overall chemicals traffic by 12.5 percent last month.

Other increases were in metallic ores, up 32.5 percent, lumber and wood products, up 15.6 percent, stone, clay and glass, up

5.5 percent, waste and scrap, up 27.7 percent, coke, up 23.4 percent and trailer-on-flatcar traffic, up 22.1 percent.

Traffic in carloadings declined last month in farm products, down 23.5 percent from a year earlier; coal, down 4.2 percent; non-metallic minerals, down 12.5 percent; food products, down 1.4 percent and pulp and paper, down 6.3 percent.

**INDUSTRY REVENUE DOWN IN SECOND QUARTER**—Income from operations for the rail industry dipped to \$349.4 million in the second quarter of 1983, 12.6 percent lower than the same period in 1982. Total revenue for the industry declined from \$7.2 billion for the second quarter of 1982 to \$6.7 billion in the 1983 second quarter. These figures were compiled by the Association of American Railroads.

The railroads in the AAR's Southern District reported an increase in income for the second quarter of 62.6 percent over the same period a year earlier. Eastern District railroads' income was 48.4 percent lower, and Western District roads earned almost 2 percent less. Conrail, however, reported earnings of \$97.2 million in the second quarter, up from \$83.8 million in the same period in 1982.

## SERVICE REPORT

In September, 84.1 percent of the carloads measured under Conrail's Keypoint Quality Control Program reached their destinations within 24 hours of the scheduled standard. This program logs, in hours, on-time performance of selected loaded cars from their origin on Conrail to their destination at a customer siding or interchange.

In other performance measures, 89 percent of the mail trains reached their destination yards within one hour of schedule last month, as did 88.1 percent of the TrailVan trains and 79.7 percent of the freight trains.

At major Conrail yards, 98.2 percent of the cars monitored made their connections.

## TRACK PROJECTS NEAR COMPLETION IN PA, NY, OH

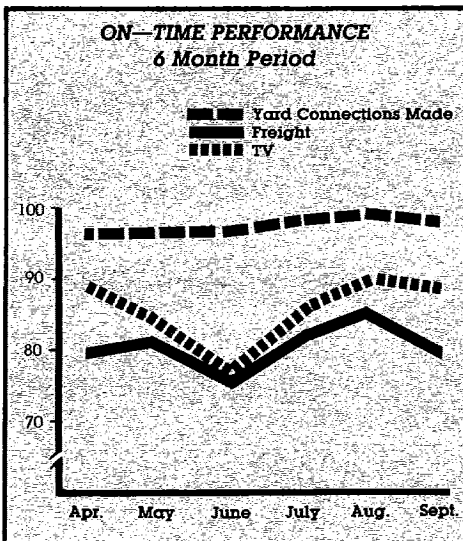
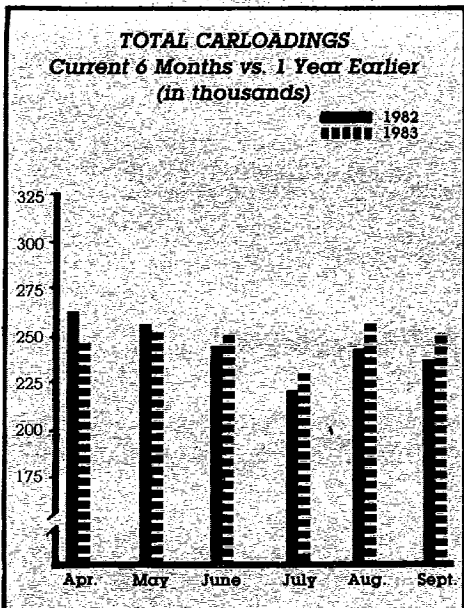
Conrail is completing work on a \$2.7 million track improvement project to upgrade a 20-mile segment of the E&A Branch from Wampum Junction, Pennsylvania, to Youngstown, Ohio.

The E&A Branch links western Pennsylvania coal fields and the area's industries to the rest of the Conrail system via Conway Yard, Conrail's major freight car classification facility near Pittsburgh. At Conway, cars are grouped into trains according to destinations, which include Meadville, Pennsylvania; Ashtabula, Sharon and Toledo, Ohio; Buffalo, New York and Elkhart, Indiana.

The E&A Branch project, begun in mid-August, will be completed this month. It includes the installation of 23.9 miles of continuous welded rail and 12,500 crossies, and the surfacing of 105 pass miles of railbed.

Since 1976, Conrail has invested nearly \$3.4 million to rehabilitate the entire E&A Branch (extending beyond Youngstown, Ohio), including the installation of nearly

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### TOLEDO DIVISION BACK ON TOP

While the Pittsburgh Division was the best division in safety for the month of July, in August the Toledo Division reclaimed the number-one position that it had held for April, May and June.

The Toledo Division reported no lost time injuries for the month of August, with a lost time injury frequency rate of 0.00. The Southern Tier, Detroit and Canada divisions also had no lost time injuries.

The lost time injury frequency rate measures the number of lost time injuries per 200,000 man hours worked. When two or more divisions have the same rate, the higher ranking is given to the division with the most man hours worked.

The most improved division in August was the New Jersey Division, which jumped from 12th place in July to fifth place in August and improved their frequency rate from 2.00 to 0.57. The divisions with the lowest frequency rates year-to-date are Canada, with 0.00; Southern Tier, with 0.63; Toledo, with 0.97; New England, with 1.19 and Allegheny, with 1.25.

The Western Region had the best safety record for August, with a frequency rate of 1.15; the Central Region has the best record year-to-date, with a frequency rate of 1.46.

Systemwide, Conrail's lost time injury frequency rate was 2.08 for the month of August and 2.03 for the year-to-date.

#### LOST TIME FREQUENCY RATE BY DIVISION August, 1983

Rank	Division	Rate
1	Toledo	0.00
2	Southern Tier	0.00
3	Detroit	0.00
4	Canada	0.00
5	New Jersey	0.57
6	Southwest	1.13
7	Chicago	1.19
8	New England	1.19
9	Pittsburgh	1.28
10	Michigan	2.06
11	Harrisburg	2.11
12	Allegheny	2.17
13	Youngstown	2.41
14	Philadelphia	2.41
15	Cleveland	2.92
16	Mohawk-Hudson	3.00
17	Columbus	3.34
18	Buffalo	7.31

### NY BRANCH LINE TO BE REPAIRED

The Newton Falls (New York) Paper Mill, Inc., Conrail and the New York State Department of Transportation have combined forces and capital to preserve rail service on the 46.4-mile Newton Falls Branch in upstate New York.

Under a recently signed agreement, the paper mill agreed to ship a minimum of 2,150 carloads over Conrail in each of the agreement's five years, through May 1988, in return for rehabilitation of the line and continued Conrail service. Newton Falls Paper receives inbound shipments of pulp, scrap paper, and coal for its boilers. The company ships finished paper to many parts of the country via Conrail.

Based upon the agreement between the railroad and the paper company, Conrail and the New York State DOT reached an agreement under which both are investing nearly \$2 million for rehabilitation of the line. The agreement calls for track improvements, including installation of about 5.5 track miles of continuous welded rail, surfacing of about 65 pass-miles of railbed, replacement of about 24,000 cross-ties, switch ties, and bridge timbers; renewal of eight switches; and drainage work.

### TRACK *continued from page 3*

55,000 cross-ties and the surfacing of 167 pass miles of railbed.

Conrail is also nearing completion on a \$4.8 million track improvement project to upgrade sections of its Harrisburg, Pennsylvania-Buffalo, New York main line.

In 1982, Conrail moved nearly 23 million tons of freight on the line—including general merchandise, automotive parts, wood chips and export coal (the latter from the Clear-

field district of Pennsylvania to Pier 124 in Philadelphia).

The upgrading project, begun in May, is scheduled for completion next month. It includes the installation of 3.8 miles of continuous welded rail (just north of Harrisburg on the line), and more than 37,000 cross-ties and the surfacing of more than 194 pass miles of railbed, on sections of the line in both Pennsylvania and New York State.

### CONRAIL SHOPPE ISSUES NEW CATALOG

The Conrail Shoppe has published a new catalog of railroad gift ideas. The catalog is available free of charge to all Conrail employees.

To obtain a catalog, write to The Conrail Shoppe, 129 North Poplar Street, Charlotte, North Carolina, 28202. Include your name, address and employee number.

## in brief...

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