

in brief...

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CONRAIL

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CONRAIL PREPARES FOR BOXCAR DEREGULATION; OTHERS STILL FIGHT IT

In preparation for the anticipated deregulation of boxcar traffic on November 7, Conrail has announced a number of changes in its policies for boxcar transportation. The purpose of these changes is to ease the transition to deregulation, to assure shippers of an adequate supply of boxcars and to reduce the costs of moving boxcars for the entire rail industry.

But special interests in Washington are currently petitioning the Interstate Commerce Commission, which approved boxcar deregulation last Spring, to delay or repeal that decision. These interests include some short line railroads, boxcar leasing corporations and others who gain a substantial portion of their revenue from car hire costs paid by others.

The debate on boxcar deregulation centers on the issue of these car hire rules. An August 31 editorial in *The New York Times*, supporting deregulation, summed up the crux of the problem.

"Most railroads own a lot of boxcars. On any given day, though, most of the cars

pulled by their locomotives, and their freight, come from other systems. Naturally, Railroad A pays a fee to haul a boxcar owned by Railroad B. Not so naturally, it is obliged by the government to keep on paying for Railroad B's boxcars even after the freight has been unloaded.

"At the generous daily rental rates set by the ICC, all railroads have a powerful incentive to send alien cars back empty, loading available freight into their own boxcars and pushing them into other systems as quickly as possible. The result: an endless stream of boxcars crisscrossing the country empty, wasting maybe \$300 million a year."

Conrail was the prime mover behind boxcar deregulation, which will give railroads more freedom to establish rental, storage and return charges for use of one another's boxcars. Railroads will also have the option to assess charges of up to 35 cents per mile for movement of one another's empty boxcars, if they request it through the Association of American Railroads or the ICC, and to store empty cars after 72 hours without paying per diem fees.

But while boxcar deregulation will give Conrail and other railroads more options, Conrail has already announced that it will not exercise these options without attempting to form individual agreements with various connecting railroads and boxcar owners. Conrail will not impose the 35-cent-per-mile charge for empty movements, and will continue to pay existing rates for car hire to other roads and boxcar owners until other arrangements can be worked out. Conrail is encouraging bilateral agreements that will promote efficient low-cost

handling of boxcars, with a minimum number of empty miles.

Other policy changes announced by Conrail in anticipation of deregulation include a \$50 per carload refund to customers for every shipment in a western railroad-owned plain boxcar moving from Conrail or one of the short lines in its territory to points in the West. This offer would be effective on November 7.

In addition, Conrail will reduce its own car hire rates—paid by other roads when Conrail-marked loaded or empty boxcars move in their territory—by 20 percent on October 1.

Conrail expects that these measures will allow railroads to reduce the cost of moving boxcars—especially the cost of performing wasteful, unnecessary handling of empty cars—and to thereby gain an edge on truck competition by passing these savings on to shippers.

"Conrail's use of boxcar deregulation authority, while certainly a change from past practice, will not be exercised in a disruptive manner," said President and Chief Operating Officer Stuart M. Reed. "We are going slowly, and there will be no radical overnight changes. Instead, Conrail's gradual implementation of boxcar deregulation will make it clear to boxcar users and owners, including other railroads, that all parties stand to benefit from the cost savings which deregulation makes possible."

Employees can help to make sure that Conrail and other railroads reap these benefits by writing to their elected officials in Washington and expressing their support of deregulation of boxcar traffic.

AT ALTOONA, 800 RETURN TO WORK

Conrail recalled approximately 800 workers to the Juniata Locomotive Shops at Altoona effective August 29.

The employees were recalled because increased business in recent weeks has created a demand for the locomotives and locomotive parts overhauled and repaired at the shops.

Although Conrail traffic in carloadings for the second quarter, 1983, was down by about three percent versus the same quarter of 1982, traffic in the third quarter of this year has been up from last year's levels.

The callback involves employees represented by the International Association of Machinists, International Brotherhood of Electrical Workers, Transport Workers Union of America, American Railway Supervisors Association, Brotherhood of Railway and Airline Clerks, International Brotherhood of Firemen and Oilers, International Brotherhood of Boilermakers and Blacksmiths and the Sheet Metal Workers International Association.

GROWTH CONTINUES IN PIGGYBACK, PERISHABLES AND FLEXI-FLO

Thanks to a better economy, a more deregulated environment and continuing good service, three of Conrail's key transportation services have continued to attract more business from shippers.

Traffic levels in piggyback (trailer-on-flatcar), in piggyback movements of fresh fruits and vegetables and in Conrail's Flexi-Flo service rose significantly during the

first six months of 1983 over levels for the same period last year, and this growth is continuing.

Conrail's TrailVan piggyback business increased 18.3 percent for the first six months of 1983 versus the same period of 1982.

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GROWTH CONTINUES IN PIGGYBACK, PERISHABLES AND FLEXI-FLO continued from page 1

For the first half of the year, Conrail handled 368,500 loaded trailers and marine containers, an increase of 57,000 over the 311,500 units moved during the first six months of 1982.

The continuing dramatic growth is largely attributable to the deregulation of intermodal traffic by the Interstate Commerce Commission in March 1981; the attractive dock-to-dock service, with a single bill to customers; Conrail's high speed, high-quality service; and the general improvement in economic conditions, which has halted the overall decline in rail traffic.

For the first six months of 1983, Conrail's movements of fresh fruit and vegetables rose about 15.5 percent over the same period of 1982. 14,792 piggyback trailers this year vs. 12,802 last year.

The substantial increase in the movement of West Coast produce to East Coast markets over Conrail and its connecting western rail lines continues a trend of growth started in May 1979, when the Interstate Commerce Commission deregulated most railroad piggyback shipments of fresh fruits and vegetables. As a result, Conrail and its West Coast connecting rail lines, which originate the shipments, have been able to price their services to shippers and brokers according to market conditions, enabling the railroads to compete with trucks in terms of both price and service.

Conrail moves produce shipments to the East Coast markets in piggyback trains. Conrail receives the West Coast produce from connecting railroads in Chicago. From Chicago, the piggyback trailers move at speeds of up to 70 miles per hour to wholesale markets and food distribution centers in the Northeast. The trailers arrive at Conrail's TrailVan piggyback terminals in the Boston, New York-New Jersey and Philadelphia areas on the fifth morning after leaving the West Coast.

In Flexi-Flo, Conrail's bulk commodity transfer service, business increased 32 percent for the first six months of 1983 versus the same period of 1982.

For the first half of this year, Conrail handled 483,563 tons of traffic at 14 terminals, compared to 366,075 tons for the first six months of 1982.

Flexi-Flo service utilizes tank and covered hopper rail cars for shipment of liquid and dry bulk products (such as cement, chemicals, petroleum and food products) to the terminals where they are transferred to trucks for local delivery. The Flexi-Flo system can also be used for transfer of products from trucks to rail cars.

From 1980 through 1982, Conrail's Flexi-Flo business increased by 41 percent, from 606,700 tons in 1980 to 854,900 tons in 1982.

Conrail has relocated and modernized terminals serving two metropolitan areas so far this year. A new terminal at Beacon Park Yard near Boston went into service this winter, with capacity 40 percent greater

than the one it replaced. Operations began this spring at a new terminal at Croxton in Jersey City, which serves the New York-New Jersey metropolitan area. The terminal, with capacity for 300 rail cars, replaces two smaller and less accessible facilities.

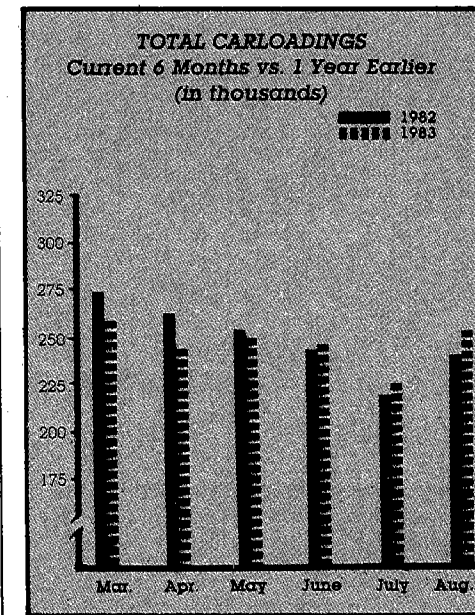
BUSINESS REPORT

For the third straight month, Conrail's traffic levels exceeded those for the corresponding period a year earlier, reversing a trend of decline that began in August of 1981.

Last month, Conrail hauled 251,558 carloads of freight—4.3 percent more than it hauled during the same period in 1982. Traffic loaded on Conrail lines was up almost 7 percent; traffic received from connections was up 0.8 percent.

The improvement was led by gains in carloadings in eight of the 15 commodity groups moved by Conrail. In the forefront were transportation equipment, including automobiles and parts, up 21.5 percent; primary metals, up 29.5 percent; and trailer-on-flatcar (TOFC) traffic, up 23.3 percent. Other gains were posted in lumber and wood products, up 11.5 percent; chemicals, up 9.1 percent; stone, clay and glass, up 7.9 percent; waste and scrap, up 16.3 percent and coke, up 57.9 percent.

Carloadings declined on a year-to-year basis in farm products, down 10.5 percent; metallic ores, down 14.0 percent; coal, down 2.5 percent; non-metallic minerals, down 12.9 percent; food products, down 7.0 percent and pulp and paper, down 4.9 percent.



NEWS DIGEST

SAVINGS BOND PARTICIPATION HIGH—Following a campaign this summer, almost 22 percent of Conrail employees are now purchasing U.S. Savings Bonds through payroll deduction.

Last year, 18 percent of the workforce were purchasing bonds. During this year's campaign, 457 employees signed up for the payroll deduction plan and 286 employees who were already purchasing bonds increased their deductions. The current rate of participation is the highest in many years.

Recent newspaper stories have noted that more people nationwide are purchasing bonds because market-based rates of interest have made the bonds a more attractive investment.

"TRESPASS!" WINS SECOND AWARD—"Trespass!," a Conrail-sponsored safety film aimed at reducing railroad trespassing accidents among youngsters, has won fourth prize in a film competition sponsored

by the Informational Film Producers Association. The Conrail film competed against 45 other films in the safety category of the competition.

The film, which graphically depicts the hazards of playing on and around railroad property, had previously won an honorable mention from the American Film Festival. Copies of the film are currently available to community groups and schools through Conrail safety and police personnel around the system. A list of people handling requests for "Trespass!" appeared in the August edition of *In Brief*.

MORE FREEDOM FOR RAILS TO PURCHASE TRUCK FIRMS—The Interstate Commerce Commission has proposed a new policy giving railroads more freedom to acquire trucking companies. The proposal, if adopted, would replace ICC guidelines that allow railroads to purchase truck firms only under special circumstances or if the truck service

would be auxiliary or supplemental to the rail transportation.

The ICC would still evaluate each proposal from railroads wishing to purchase truck firms to ensure that the result would be in the public interest and not anticompetitive.

In its proposal, the ICC noted that regulation was needed many years ago to protect the fledgling motor carrier industry. But the maturity of the truck industry today, increased competition and more intermodal operations have made the restrictive policy unnecessary, and a less restrictive policy would not lead to rails dominating the motor carrier industry or restraint of trade. "On the contrary, railroad expansion into the motor carriage is much more likely to improve profitability through improved service and enhanced efficiency," said the ICC.

AAR CHIEF DEFENDS STAGGERS ACT—Association of American Railroads President William Dempsey told Congress in late July that railroads could not have survived the recent economic recession without the flexibility granted by the Staggers Rail Act, which deregulated the industry in 1980.

Dempsey made these remarks at House and Senate Subcommittee oversight hearings on the Staggers Act. During these hear-

ings, some shipper and short line railroad interests complained to the subcommittee that Staggers has given railroads too much freedom.

But Dempsey explained that Staggers was needed to help railroads survive—by allowing railroads to be more responsive to market forces, to compete with less-regulated barges and trucks, to charge a fair price and to attract new business. Dempsey pointed out that railroads—like the industries they serve—are not philanthropic organizations. They must cover their costs and earn reasonable profits, attract investment capital and quality for loans, and upgrade track, yards, terminals and equipment.

IN THE PRESS: RAILROADS AND THE DROUGHT—In a September 12 editorial on the effects of this summer's hot, dry weather on food supply, *The Washington Post* noted that our nation's rail systems have helped to minimize the drought's effect on nutrition.

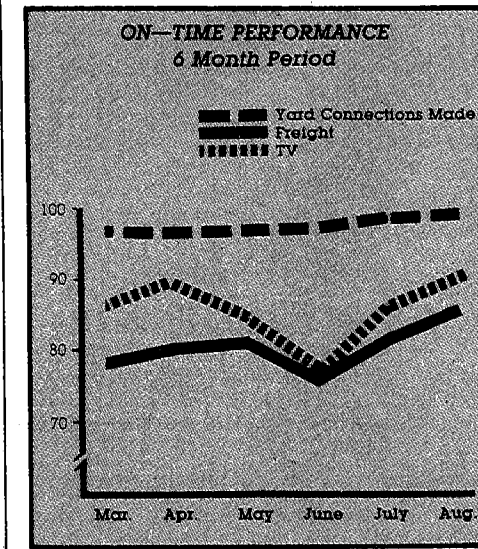
"People with access to rail service may suffer dry summers, but they are unlikely to suffer famines," noted the *Post*. "Without rails—in Europe as recently as the last century, and in much of the Third World today—villages have starved to death no more than a hundred miles from markets operating normally."

SERVICE REPORT

In August 85.5 percent of the carloads measured under Conrail's Keypoint Quality Control Program reached their customer sidings or interchange within 24 hours of the scheduled standard. This measure improved from 84.5 percent in July.

On-time performance of freight trains stood at 84.9 percent last month, up from 83.9 percent in July. Mail trains' on-time performance rate was 89.8 percent, down slightly from July's rate of 90.6 percent. TrailVan trains improved their on-time rate from 86.6 percent in July to 89.1 percent last month.

At Conrail yards, 99 percent of the cars monitored made their connections successfully, compared to 98.6 percent in July.



LOWER RATES EXPECTED TO ATTRACT COAL SHIPPERS

Conrail has begun offering more competitive rates for trainload shipments of export coal moving from mines on its lines in West Virginia and Pennsylvania to Pier 124 in Philadelphia. The new rate, in effect until December 31, 1984, is \$1 to \$2 per ton below comparable rates charged by competing railroads to other East Coast export piers.

The purpose of this action was to provide rail transportation price stability to foreign buyers of Conrail-source coal.

Under this new pricing program, Conrail expects to attract lower sulphur coal from the Kanawha District in West Virginia and the Westmoreland District in Pennsylvania for direct export through the Philadelphia pier and for mixing with higher sulphur Pennsylvania coals to create blends suitable for the demands of the export market. To promote Pennsylvania/West Virginia blends, Conrail is also continuing to offer the additional rate incentives established last fall for West Virginia coal moving to Pier 124 for blending purposes.

At present, Conrail's producers in West Virginia and Pennsylvania each have the production capacity to supply an additional three million tons per year, which could be made available to the export market.

Under the new program, the rate from the Kanawha District will be about \$2 below comparable competitors' rates to Hampton Roads and \$1.60 below Conrail's present rate of \$15 per ton to Pier 124. The rate from the Westmoreland District will be about \$1 below the comparable Chessie System rate to Baltimore and 88 cents below the present Conrail rate of \$14.28 per ton to Pier 124.

TRACK WORK ON SCHEDULE IN WESTERN PA

A \$12 million track improvement project to upgrade sections of Conrail's Harrisburg-Pittsburgh main line and its Conemaugh Line is moving along on schedule.

The Harrisburg-Pittsburgh main line is the main connection to the eastern portion of the Conrail system and to Conway Yard, a major freight car classification facility near Pittsburgh. Nearly 80 million tons of rail freight traffic moved over the line in 1982, including high-speed, high-priority TrailVan piggyback service, coal, grain, produce, automobiles and auto parts, and general merchandise.

The Conemaugh line connects with the Harrisburg-Pittsburgh main line at Conpit Junction (63 miles east of Pittsburgh) and rejoins it north of Pittsburgh. Both local and through service is provided on the Conemaugh Line, and about 30 million tons were moved over it in 1982.

The upgrading project, begun in early April, is scheduled to be completed in late November. It includes the installation of 13.6 miles of continuous welded rail and more than 95,000 cross-ties and the surfacing of more than 400 pass miles of railbed. Also included in the project is the rehabilitation of 50 switches.

NEW POLICY TO BEGIN FOR MARINE CONTAINERS

As part of a continuing program to reduce operating costs and improve efficiency in TrailVan intermodal service, Conrail will begin a new policy regarding the movement of empty marine containers.

On October 1, Conrail will begin offering free-of-charge movements of empty marine containers from East Coast Conrail-served ports to interior points if Conrail is assured of a return loaded movement. Conrail will charge \$200 for empty marine container movements between all other points.

Previously, Conrail had permitted large-scale movements of empty marine containers at no charge in connection with prior or subsequent loaded movements. But because the economic recovery in the United States has increased demand for Conrail's high-speed, high-quality TrailVan intermodal service—with growth in eastbound movements outpacing growth in westbound movements—Conrail's cost of handling empty marine containers is going up.

The Conrail plan is also expected to improve utilization of marine containers by reducing wasted empty movements, and to make more space available on Conrail's eastbound trains for loaded cars.

PITTSBURGH JUMPS TO FIRST IN SAFETY

In July, the Pittsburgh Division had the best safety record among Conrail divisions, with no lost time injuries. Pittsburgh jumped from sixth place in June to first in July—unseating the Toledo Division, which had held the lead for three straight months.

Five other Conrail divisions—Cleveland, Southern Tier, Detroit, Michigan and Canada—reported no lost time injuries in July, with lost time injury frequency rates of zero. (This 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.)

The most improved division in July was Cleveland, which jumped to second place from 14th place in June. The top five divisions year-to-date in safety are Canada, with a year-to-date lost time rate of 0.00; Southern Tier, with 0.74; New England, with 0.99; Allegheny, with 1.09 and Toledo, with 1.13.

Among regions, the Western had the lowest lost time injury frequency rate for July, with 0.68, the Central has the best record year-to-date, with 1.38.

Systemwide, Conrail's lost time injury frequency rate was 2.14 for July and 2.01 for the year-to-date.

RAIL SAFETY RECORD BEST IN HISTORY

"The most pronounced improvement in rail safety in the history of the industry" has been made over the past five years, a rail official told the National Transportation Safety Board on July 26.

Richard E. Briggs, executive vice president of the Association of American Railroads (AAR), made the statement at a hearing addressing safety issues associated with the handling of hazardous materials tank cars at rail yards.

Annually, the railroads move one million carloads of hazardous materials. Excluding petroleum, this represents some 70 percent of all hazardous materials traffic. "Yet railroads account for fewer than 10 percent of the hazardous materials incidents," Briggs said.

He pointed out that over the past five years, the number of train accidents involving the release of hazardous materials declined 61 percent, while the number occurring in rail yards dropped 63 percent. The number of injuries associated with such train accidents declined 95 percent since 1978. Rail yard accidents associated with hazardous materials have resulted in only two injuries—and no deaths—since 1978.

Railroads have spent more than \$56 billion over the past five years to replace and improve rights-of-way and equipment, Briggs said. In addition, railroad personnel are being trained to respond to hazardous materials incidents and railroads are coordinating emergency response techniques with local fire departments.

LOST TIME FREQUENCY RATE BY DIVISION July, 1983

Rank	Division	Rate
1	Pittsburgh	0.00
2	Cleveland	0.00
3	Southern Tier	0.00
4	Detroit	0.00
5	Michigan	0.00
6	Canada	0.00
7	Toledo	1.03
8	Harrisburg	1.19
9	Chicago	1.39
10	New England	1.40
11	Columbus	1.55
12	New Jersey	2.00
13	Philadelphia	2.10
14	Youngstown	2.11
15	Allegheny	2.60
16	Mohawk-Hudson	3.52
17	Southwest	4.68
18	Buffalo	5.74

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