



Soo Line Railroad Company  
records.

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*S. Rock  
Island*

SOO LINE RAILROAD

• MAY 04 1982

• EXEC. VICE PRESIDENT

May 3, 1982

TO: ~~D. M. Cavanaugh~~  
R. H. Smith  
R. L. Murlowski  
J. T. Hartnett  
H. J. Ness  
J. C. Miller

FROM: J. D. Darling *JDD*

RE: ~~Rock Island Study~~

The Traffic Department has completed its initial carload and revenue estimate. The Accounting Department plans to have an initial financial analysis completed for review on Monday, May 10, 1982.

A meeting has been scheduled on ~~Monday, May 10, 1982~~, at ~~10:30 a.m.~~, in the ~~Eighth Floor Board Room~~, for this purpose.

JDD/jmz



Friday (next)  
JDD

May 10, 1983

TO: D. M. Cavanaugh

FROM: J. D. Darling JDD

RE: Rock Island Study

C. J. Stoffer furnished the attached CNW Special Order.

JDD/jmz

Att. (1)

cc: R. H. Smith

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

CENTRAL DIVISION

Office of Assistant Vice President & Division Manager

SPECIAL ORDER NO. 33

MASON CITY, IOWA - April 13, 1983

TO: All Operating Department Employees

To increase CNW handling of available traffic in our service area, we are instituting a program wherein all Operating Department employees are asked to participate. The program will be referred to as the Traffic Improvement Program (TIP). The intent is to have input from any Operating employee where the person has knowledge of potential for the CNW to attain new or additional business.

A "TIP" is the pinpointing of a move of a commodity to or from an industry that did at one time, or could, move line haul via the C&NW. This includes:

1. Traffic or a commodity which in the past has moved via C&NW line haul and is currently moving via trucks or some other railroad.
2. A commodity which has never moved line haul via C&NW but could be handled via our line.
3. A commodity which the C&NW handles in switch service only to or from the industry but that we could handle as a line haul move.
4. A commodity which we enjoy a line haul on but could be a greater line haul if the junction were different.

This information can be obtained in a variety of ways, such as by observing the business currently moving truck or other railroad, by talking to dock foreman or industry traffic representatives. Certainly our employees have daily contact with those people or can see the operation.

When possibilities are seen, the attached form should be fully completed and submitted to their Supervisor or the local Transportation Officer who will forward one copy to the responsible Sales Office and one copy to R. O. Brownell, Assistant to General Manager, One North Western Center, Chicago.

The Sales Department will be responsible for progressing the "TIP" in an effort to secure the business. Changes will be made to rates, service or equipment supply as necessary to convert potential to actual CNW handling.

A U. S. Savings Bond will be awarded to an individual submitting a valuable "TIP". Bonds will be from \$100 to \$500 denominations. The grant of the award and the amount of the award will be determined by a Committee in the General Office.

April 13, 1983

The copy sent in to the General Office will be used to follow-up on each of the suggestions with Sales and regardless of the outcome, a response will be given to the individual submitting "TIP", even if a bond is not awarded.

Again, I want to emphasize that all Operating Department employees are eligible to participate and that a good response by our employees will ensure the success of this program. Success of the program will, in turn, allow our Company to maximize our competitive position and be increasingly responsive to the needs of our customers.

J. H. Koch  
Assistant Vice President  
and Division Manager

Attachment - Traffic Improvement Program Form





Traffic  
Improvement  
Program  
Form

Industry Name and Location

Source of "TIP"

(Traffic Man, Dock Hand, Observation,

Describe the Potential Business

(Include as much information as possible about current volumes or mode of transportation)

Employee Name

Employee Number

Job Title

Home Address

Name of Supervisor  
Receiving Copy

Date Submitted

FOR GENERAL OFFICE USE BELOW THIS LINE

Date Received \_\_\_\_\_

By \_\_\_\_\_

Traffic Department Contact \_\_\_\_\_

Result of Investigation of "TIP"

Estimate of Carloads \_\_\_\_\_

ARPC \_\_\_\_\_

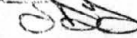
Award Authorized \_\_\_\_\_

Response to Employee

February 22, 1983

FILE: Rock Island Acquisition

TO: T. M. Beckley  
D. M. Cavanaugh  
D. J. Boyer

FROM: J. D. Darling 

RE: Rock Island Study

On Thursday, February 17, 1983, I talked with Mr. J. E. Martin, Senior Vice President Operations, ICG. Mr. Martin was quite candid in response to my inquiries.

The ICG was to be the operator, both for maintenance and train operation. FRA funding, in the form of preference shares, was to be provided to the shipper group for acquisition. Initial rehabilitation was also to be FRA funding, as opposed to funding by or through the Iowa DOT. I suspect my question may have been misunderstood here. Redemption of preference share financing was to begin in the eleventh year with a 2.3 percent effective rate of interest. The ICG would contribute welded rail, which they have paid for and in inventory, as a contribution to the rehabilitation. The ICG would also pay rental, calculated to service the preference share debt. The shippers would own the line with no buy-out provisions to the ICG. The ICG had a guaranteed volume commitment from the shippers. The ICG was prepared to offer trackage rights to the CNW to permit shippers the option of the Kansas City gateway.

The CNW has gone to the FRA (and possibly the shippers) and stated that public funding and shipper participation is not required, that they will buy, rehabilitate and operate the line. At this point in time, the ICG considers this has frozen them out of the proposed deal with the shippers.

In response to my questions, Mr. Martin said there was nothing that we could do that would complicate their situation. I asked should we acquire the line as part of an attempt to make a more attractive offer to the Trustee, would the ICG consider granting us access from Iowa Falls. Mr. Martin said that he could not make a commitment but that they would certainly work with us. I took this as a positive and friendly response.

Messrs. Beckley, Cavanaugh and Boyer  
Page Two  
February 22, 1983

Mr. Martin stated that should we wish to do anything, we should contact Mr. W. J. Taylor, President and Chief Executive Officer. I did not press on this comment, but the implication that was conveyed to me was that they might have something further they want to talk about. Mr. Martin mentioned his first choice would have been to acquire the Iowa Falls Gateway Lines. He also mentioned they didn't have any cash. Perhaps they want to talk about traffic agreements, as they do not feel they serve the Kansas City-Houston market, but do serve Mississippi River points and New Orleans.

JDD/jmz



September 2, 1982

TO: R. H. Smith  
FROM: J. T. Hartnett  
RE: Rock Island Study

In his letters of August 24 and 25, Mr. Beckley raised several questions in connection with the traffic study on the potential Rock Island acquisition, which I will attempt to answer.

Continuation of traffic patterns which existed in 1978 should be verified

Joe Darling made an analysis of all Soo Line traffic originating or received from connections north of Oshkosh to any of the following states -

Arizona	New Mexico
Arkansas	Nevada
California	Oklahoma
Colorado	Oregon
Kansas	Texas
Louisiana	Utah
Missouri	

for the year 1978 as compared to 1981. He did the same for northbound traffic and adjusted the northbound to eliminate traffic that was obviously not susceptible to Kansas City routing. The results were as follows:

As you can see, there was less than a 2% decline in the carloads to and from the states with Rock Island potential. By contrast, total cars handled on the Soo system 1978 and 1981 and projected for 1982 and 1983 were as follows:

<u>1978</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
435,000 (actual)	363,000 (actual)	326,700 (est.)	328,419 (est.)

It is my opinion that business to and from the rapidly growing Southwest will hold up better than the Soo's average experience in a recession economy and traffic potential for the Rock Island in 1983 as compared to 1978 would be down more like 10% rather than the 24½% that we are projecting for the Soo system. On the other hand, none of us feel like the Rock Island secured as great a percent of the potential because of their weakness in 1978 as the Soo would.

#### Opportunities for Traffic Growth

##### New Business from the Canadian Pacific

In a memo of July 7, you outlined potential traffic for the line which you had received from the Canadian Pacific. There were a total of 11,420 carloads involved. Since in most cases detail was not available, I have arbitrarily

Page 2

Memo J.T. Hartnett to R.H. Smith

Re: Rock Island Study

September 2, 1982

and conservatively taken one half of these cars and applied the average 1982 revenue per car projected on the Minneapolis-Kansas City line of \$691. This is summarized as follows:

CP overhead traffic from New England originations	- 1,000
CP overhead for termination by New England connections	- 650
From Southwest to CP's Atlantic Region	- 1,450
To Southwest from CP's Atlantic Region	- 1,100
Between New England and Atlantic Region on the one hand and stations on the Rock Island line on the other	- 150
Newsprint from Abitibi, Thunder Bay	- 70
Potash from Saskatchewan	- 40
Diversions from the <del>Soo</del> Sumas gateway	- 1,250
At \$691 per car - this equates to \$3,945,000.	5710

5710 cars

#### Piggyback Potential

Loren Westrom has developed from his contacts with Consolidators and others the following piggyback units - southbound - which he feels he could secure if we acquire the line. Total is as follows:

3,068 units with revenue of \$957,000.

MAINLY MPLS TO K.C.

1534 cars

#### Updating rate levels on corn traffic

Marketing has checked rate levels on corn from five representative origins on the Rock Island to selected destinations for 1978. They then updated and increased that rate level by 52% to approximate the 51.73 increase used in the study which reflected a weighted average of Ex Parte increases. This rate was then compared with the current X-082 rates between the same points. I am listing below this information, covering the highest volume movement from each origin:



Page 3  
Memo J.T. Hartnett to R.H. Smith  
Re: Rock Island Study  
September 2, 1982

<u>From (Ia)</u>	<u>To</u>	<u>Cars</u>	<u>G.Rev.</u> <u>per car</u>	<u>¢</u> <u>per cwt.</u>	<u>1.52%</u>	<u>25 cars</u>	<u>50 cars</u>	<u>75 cars</u>
Superior	B. Rouge	145	\$1328	69¢	104.9¢	122	113	102
West Bend	Beaumont	228	\$1306	67.3¢	102.3¢	121	112	101
Klemme	Houston	623	\$1290	67.2¢	102.1¢	121	112	101
Lakota	Houston	160	\$1512	75.2¢	114.3¢	122	113	102
Ocheyedan	Beaumont	50	\$1687	76.4¢	116.1¢	125	117	105

A copy of the complete statement is attached for your information. In general, the 51.73% increase which we used seems to be a pretty good average.

I will cover the analysis of principal classes of traffic in a separate letter.

Attachment

ROCK ISLAND STATION - SOUTHBOUND  
via Soo 1981 to Rock Island Main Line & Selected States

Source-1981 REVTRANS

STRATUM	Total Cars in Stratum	Cars in sample	Number of cars in sample with gain	Total Revenue gain of sample	Revenue gain per car	% of cars in sample with gain	Total cars in stratum with gain	Total gain in Stratum
Sta. 3-II-A to main line	778	155	155	138 295 72	892	100 %	778	893 976
CP 3-II-B "	1007	30	29	37 761	1309 (e)	97 %	977	1,278 893
N 3-II-C "	49	49	0	0	0	0	0	0
Other 3-II-D "	169	56	45	47 340	1052 (e)	80 %	135	142 020
	2003	270	229					2,114 889
Sta. 3-III-A to selected states main line	21 172	1 246	497	307 643	619 (e)	40 %	8 469	5,242 311
CP 3-III-B "	24 513	245	16	58 480	660 (e)	35 %	8 580	5,834 400
2 N 3-III-C "	4 521	565	9	4 473	497 (e)	2 %	90	44 730
Other 3-III-D "	2 660	177	53	39 591	747 (e)	30 %	798	596 106
								11,717 547
TOTAL SOUTHBOUND							19 827	13,832 436

e = ESTIMATED FROM  
1978 STUDY

ROCK ISLAND STUDY NORTHBOUND  
via Soo 1981 to Rock Island Main Line & Selected States

Source-1981 REVTRANS

STRATUM	Total Cars in Stratum	Cars in sample	Number of cars in sample with gain	Total Revenue gain of sample	Revenue gain per car	% of cars in sample with gain	Total cars in stratum with gain	Total gain in Stratum
<i>Group 1</i> 4-II-A to the sea	387	65	20	27 540	1 377	31 %	120	165 240
4-II-B to CP	74	37	4	4 164	1 041 (e)	11 %	8	8 328
4-II-C to CN	23	23	0	0	0	0	0	0
4-II-D to all other	127	43	0	0	0	0	0	0
								173 568
<i>in ICHG Selected States to</i> 4-III-A for sea DEST	14 071	713	213	119 919	563 (e)	30 %	4 221	2,376 423
4-III-B CP DEST	3 516	77	11	8 404	764 (e)	11 %	387	295 668
4-III-C CN DEST	1 153	168	0	0	0	0	0	0
4-III-D all other DEST	6 696	73	1	603	603 (e)	1 %	67	40 401
			225					2,712 492
<i>TOTAL NORTHBOUND</i>			249				4803	2,886 060
<i>ND TOTAL - NORTH-SOUTH</i>							24 630	16,718 496
<i>ESTIMATED FROM</i>								



August 26, 1982

TO: J. T. Hartnett  
FROM: J. D. Darling ~~SEA~~  
RE: Rock Island Study

Back in February, when I first became involved in this study, I used Easytrieve to obtain some printouts of 1978 and 1981 traffic from basic reports. What I asked for was all Soo Line traffic originating or received from connections north of Oshkosh to any of the following states: Arizona, Arkansas, California, Colorado, Kansas, Louisiana, Missouri, New Mexico, Nevada, Oklahoma, Oregon, Texas, and Utah. I then did the same for northbound traffic. Finally, I attempted to eliminate some of the northbound traffic that was obviously not susceptible to Kansas City routing. The results of these runs are summarized below:

	<u>1978</u>	<u>1981</u>
Southbound	27,193	26,844
Northbound	<u>16,277</u>	<u>14,638</u>
TOTAL	43,470	41,472
Northbound (revised)	<u>10,029</u>	<u>9,818</u>
TOTAL	<u>37,222</u>	<u>36,662</u>

At the time, I noted how well the Soo volumes had held up between these two regions. I have the computer printouts available if they would be of any use.

JDD/jmz

May 7, 1982

File: GC-136 - Rock Island Study

P E R S O N A L

TO: H. J. Ness

FROM: J. T. Hartnett *JTH*

RE: Projected increase - cars and revenue - RI main line,  
Iowa Falls branch and Des Moines branch acquisitions.

Attached are revised summary sheets showing projections of increased cars and revenue, by stratum, from the Soo and RI 1978 traffic analyses.

Summary of this material showing revised increased cars and revenue is as follows:

From Soo 1978 Traffic Flow:

	<u>Cars</u>	<u>1978 Rev. (millions)</u>
Southbound	22,278	10.7
Northbound	7,905	3.2

From RI 1978 Traffic Flow:

From Main Line	12,652	5.9
To Main Line	<u>5,680</u>	<u>2.3</u>
Total Main Line	48,515	22.1
<u>Iowa Falls Branch:</u>	20,807	12.7
<u>Des Moines Branch Lines:</u>	22,134	3.6

There is also a projected annual gain from CN-DWP traffic as follows:

1,780	1.5 (1982 Rev.)
-------	-----------------

We estimate that freight rate increases have increased the value of 1978 revenue by 51.73%.

Enc.

Copy to:	J. C. Miller	J. D. Darling	P. M. McNamee
	T. S. Ness	R. H. Smith	W. M. Edrington

## SOUTH BOUND

5-C-82

STRATUM (SB)	TOTAL CARS IN STRATUM	CARS IN SAMPLE	NUMBER OF CARS IN SAMPLE WITH GAIN	TOTAL REVENUE GAIN OF SAMPLE	REVENUE GAIN PER CAR	% OF CARS IN SAMPLE WITH GAIN	TOTAL CARS IN STRATUM WITH GAIN	TOTAL GAIN IN STRATUM
IA1	173	173	173	112 000	647	100%	173	112 000
✓IA2	193	193	138	53 699	389	72%	138	53 699
✓IA3	409	31	0	0	0	0	0	0
IB1	557	29	29	26 828	925	100%	557	515 225
IB2	3 017	62	57	21 795	382	92%	2 776	1,010 432
IB3	3 300	30	6	3 604	601	20%	60	396 660
IC1	109	109	109	88 053	808	100%	109	88 053
IC2	1 455	63	52	17 538	337	83%	1 208	1,017 096
IC3	3 462	32	0	0	0	—	0	0
ID1	26	26	26	29 579	1 138	100%	26	29 579
ID2	126	126	106	31 550	298	84%	106	31 550
ID3	100	100	4	1 066	267	4%	4	267
IIA	1 072	63	61	37 049	607	97%	1 040	631 280
IIB	1 293	76	75	62 755	837	99%	1 280	1,071 360
IIC	60	60	23	9 554	415	38%	23	9 554
IID	133	133	12	10 398	867	9%	12	10 398
✓IIIA	19 771	380	108	44 080	408	28%	5 536	2,258 688
IIIB	23 624	238	72	34 487	497	30%	7 087	3,394 673
IIIC	4 146	109	23	7 286	317	21%	871	276 107
IIID	2 922	133	30	15 149	522	23%	672	350 784
					496		22 278	10,697 405



NORTH BOUND

STRATUM (NB)	TOTAL CARS IN STRATUM	CARS IN SAMPLE	NUMBER OF CARS IN SAMPLE WITH GAIN	TOTAL REVENUE GAIN OF SAMPLE	REVENUE GAIN PER CAR	% OF CARS IN SAMPLE WITH GAIN	TOTAL CARS IN STRATUM WITH GAIN	TOTAL GAIN IN STRATUM
I-A-1	119	669	619	293 729	475	100%	619	293 729
I-A-2	1720	101	72	24 378	339	71%	1 221	413 919
I-A-3	1206	1206	4	625	156	0.3%	4	625
I-B-1	66	66	66	39 015	591	100%	66	39 015
I-B-2	833	833	353	133 734	379	42%	353	133 787
I-B-3	821	821	7	7 737	1 105	1%	7	7 737
I-C-1	14	14	14	9 540	685	100%	14	9 540
I-C-2	72	72	2	548	274	3%	2	548
I-C-3	244	244	0	0	0	—	0	0
I-D-1	37	37	37	29 639	801	100%	37	29 639
I-D-2	175	175	49	17 233	352	28%	49	17 233
I-D-3	297	297	0	0	0	—	0	0
II A	497	497	89	33 589	386	18%	89	33 589
II B	74	74	20	20 301	1 015	27%	20	20 301
II C	12	12	3	1 794	598	25%	3	1 794
II D	267	267	4	6 251	1 563	1%	4	6 251
III A	15 679	101	26	9 909	381	26%	4 077	1,553 337
III B	3 490	97	23	12 780	556	24%	838	465 928
III C	644	644	130	62 068	477	20%	130	62 010
III D	4 159	75	7	2 838	405	9%	374	151 470
							7 905	3,240 502

Rock Island Lakes

STRATUM	TOTAL CARS IN STRATUM	CARS IN SAMPLE	NUMBER OF CARS IN SAMPLE WITH GAIN	TOTAL REVENUE GAIN OF SAMPLE	REVENUE GAIN PER CAR	% OF CARS IN SAMPLE WITH GAIN	TOTAL CARS IN STRATUM WITH GAIN	TOTAL GAIN IN STRATUM
1-I-A	7908	232	131	73 186	559	56%	5548	3,101 332
1-I-B	1303	187	96	30 059	313	51%	665	208 145
1-I-C	3539	76	76	37 929	497	100%	3539	1,765 961
1-I-D	19336	193	29	8 485	293	15%	2900	844 700
							12 652	5,925 138
2-I-A	8896	124	46	20 005	435	37%	3294	1,428 510
2-I-B	1686	84	68	26 862	395	81%	1366	534 576
2-I-D	7926	233	31	10 113	327	13%	1030	336 810
							5680	2,304 920
							18 332	8,230 058



# ROCK BRANCHLINES

STRATUM	TOTAL CARS IN STRATUM	CARS IN SAMPLE	NUMBER OF CARS IN SAMPLE WITH GAIN	TOTAL REVENUE (LBS) OF SAMPLE	REVENUE GAIN PER CAR	% OF CARS IN SAMPLE WITH GAIN	TOTAL CARS IN STRATUM WITH GAIN	TOTAL GAIN IN STRATUM
I-A-1	1373	76	62	30323	489	82%	1126	550614
I-A-2	222	32	31	11163	360	97%	215	77400
I-A-3	3278	33	33	2828	86	100%	3278	281908
I-A-4	8453	235	223	36093	162	95%	8030	1,300,860
I-B-1	575	58	56	19520	344	97%	558	194742
I-B-2	402	33	33	14424	437	100%	402	175674
I-B-4	8525	462	462	58299	126	100%	8525	1,074,150
DES MOINES BRANCHLINE TOTALS							22134	3,655,348
II-A-1	16819	168	132	86084	652	79%	13287	8,663,124
II-A-2	36	36	36	18230	506	100%	36	18230
II-A-3	7	7	2	458	229	29%	2	458
II-A-4	4544	45	37	20146	544	82%	3730	2,029,120
II-B-1	686	114	110	42798	389	96%	659	256351
II-B-2	528	36	28	12076	431	78%	412	177572
II-B-4	2883	59	55	31776	581	93%	2681	1,557,661
IOWA FALL BRANCHLINE TOTALS							20807	12,702,516
RAND TOTAL ALL BRANCHLINES							42941	16,357,864

February 12, 1982

File: 2010

TO: J. T. Hartnett  
FROM: E. N. Wiens *ENW*  
RE: ROCK ISLAND STUDY

Below are specifications agreed upon for Rock Island Study currently in progress.

REPORT 1 - From Rock Island Summary File

I. Kansas City Mainline Originations

- A. Beyond Kansas City
- B. Beyond Twin Cities
- C. Terminating On Mainline
- D. All Other

Sort Sequence: Orig State-City, Commodity, Off Junction,  
Off Road, Dest State-City

Detail Required: Above fields, plus weight, total revenue,  
RI revenue, RI average revenue

REPORT 2 - From Rock Island Summary File

I. Kansas City Mainline Terminations

- A. Beyond Kansas City
- B. Beyond Twin Cities
- C. Originating On Mainline
- D. All Other

Sort Sequence: Dest State-City, Commodity, On Junction,  
On Road, Orig State-City

Detail Required: Same as Report 1

Reports 1 and 2 exclude all traffic in which the Soo Line participated.

REPORT 3 - From 1978 REVTRANS File

I. Delivered To Rock Island

A. Soo Origins

1. RI delivery on Kansas City Mainline
- ~~2.~~ RI delivery to connections at Kansas City
- ~~3.~~ All Other

B. Received From CP

1. RI delivery on Kansas City Mainline
2. RI delivery to connections at Kansas City
3. All Other

C. Received From CN

1. RI delivery on Kansas City Mainline
2. RI delivery to connections at Kansas City
3. All Other

D. Received From Other Connections

1. RI delivery on Kansas City Mainline
2. RI delivery to connections at Kansas City
3. All Other

II. Delivered to Mainline Points By Roads Other Than RI

- A. From SOO Origins
- B. Received From CP
- C. Received From CN
- D. All Other

III. Other Cars Destined To Designated States

- ~~A.~~ From SOO Origins
- B. Received From CP
- C. Received From CN
- D. All Other

Sort Sequence: Same as Report 1

Detail Required: Same as Report 1



REPORT 4 - From 1978 REVTRANS Files

1. Received From Rock Island

A. S00 Destination

1. RI origination on Kansas City Mainline
2. RI receipts from connections at Kansas City
3. All Other

B. Delivered to CP

1. RI origination on Kansas City Mainline
2. RI receipts from connections at Kansas City
3. All Other

C. Delivered to CN

1. RI origination on Kansas City Mainline
2. RI receipts from connections at Kansas City
3. All Other

D. Delivered to Other Connections

1. RI origination on Kansas City Mainline
2. RI receipts from connections at Kansas City
3. All Other

II. Originated at Mainline Points by Roads Other Than RI

- A. To S00 Destinations
- B. Delivered to CP
- C. Delivered to CN
- D. All Other

III. Other Cars Originating in States Designated

- A. To S00 Destinations
- B. Delivered To CP
- C. Delivered to CN
- D. All Other

Sort Sequence: Same as Report 2

Detail Required: Same as Report 1

We will need a list of mainline stations showing both FSAC station code and alpha spelling.

Due to the urgency attached to this request, work on most other Traffic projects will have to be suspended until this request is completed.

ENW/bjp

cc: R. H. Smith  
D. T. Walen  
P. M. McNamee  
L. T. Bosacker  
W. J. Voigt

6/20/83 TMB, DMC, BNO, RUS, CCL, GHB, RLM,  
CHC, HSN, JAD, CHP, DJB



### CONCLUSION

We have reviewed both the CNW and the Soo proposals and conclude that each carrier can implement its proposal substantially as described. Each proposal would result in benefits to the public. Public benefits common to both proposals include the permanent reinstatement of service to shippers. Additionally each proposal offers other public benefits. The Soo proposal holds the prospect for increased competition both over the spine line and overhead markets and in the agricultural area served by related branch lines. However the entrance of Soo into the Twin Cities-Kansas City market over the spine line may cause CNW to exit from the Twin Cities-Des Moines market on its proprietary line because of reduced traffic (4 million gross ton miles). This would be caused by losing Soo as a friendly connection at the Twin Cities. The result will be simply a substitution of Soo for the CNW in this market. This is neutral from a public interest viewpoint. The benefit of a new competitor in light of the traffic levels and alternatives in the transportation market served by these lines is not sufficient to require our favoring the Soo application over the CNW. The efficiencies available to CNW operations and the absence of identifiable anti-competitive effects (CNW's proposal is not a parallel consolidation) justify approving the CNW application wherever the improved efficiencies of CNW are not so great that we would be justified in denying the competing application by the Soo and its opportunity to enter new markets. Since neither

application is so clearly superior to the other as to require our asserting the public interest in its favor, we will approve and refer both applications to the court. Despite this conclusion we note in passing that joint ownership and operation might have been more in the public interest and benefited both carriers. This option conceivably could have avoided the auction that has raised the original offering price by about 33%. However, on the record we have before us and in light of the minimum time we have had to evaluate these proposals, we cannot confidently conclude that joint ownership and operation are in the public interest at this time.

IT IS ORDERED:

1. The requests for oral hearings are denied. CNW's motions for leave to file statements are granted and both Soo's and CNW's motions to strike are denied. RLEA's motion for leave to late file is granted. CNW's request that the Soo applications be rejected or dismissed is denied. In Finance Docket No. 29518 (Sub-No. 1) the application of CNW is approved. In Finance Docket No. 29518 (Sub-No. 2) we exempt from the requirements of 49 USC 11343-11344 CNW's control and lease and operation of MRPI subject to the employee protective provisions set forth in New York Dock Ry-Control-Brooklyn Eastern District, 360 ICC 16, 1979. In Finance Docket 29518 (Sub-No. 3) (a) we exempt CNW and MRPI from the provisions of 49 USC 11301 with respect to the proposed issuance of \$93 million of joint notes and the issuance of 100 shares of Midwestern Railroad Properties Incorporated



stock to replace void shares and (b) we dismiss the portion of the application seeking authority to assume obligation and liability with respect to the notes and to issue the notes without competitive bidding.

3. In Finance Docket No. 29518 (Sub-Nos. 4 and 5) the applications of Soo are approved. In Finance Docket No. 29518 (Sub-No. 6) Soo's securities application is approved subject to Soo's filing a supplemental application detailing the terms and repayment plan for the securities to be issued and our approval of it.

Nothing in this decision shall be construed to imply any guarantee or obligation as to securities on the part of the United States.

4. In Finance Docket No. 29518 (Sub-No. 7) the responsive application by IRRRC for trackage rights is denied.

5. The exemptions granted here will continue in effect for one year from the date this decision is served. The exempted transactions must occur during that time in order to use the exemptions.

6. The decision is effective on the date it is served.

By the Commission

Chairman Taylor, Vice Chairman Starrett, Commissioners Andre and Gredison. Vice Chairman Starrett and Commissioner Andre would not impose a deadline for consummation of the exempted transactions.

June 17, 1983

JUN 20 Rec'd

TO: T. M. Beckley  
D. M. Cavanaugh  
C. H. Clay  
R. H. Smith

FROM: B. D. Olsen

RE: Rock Island Acquisition

Early this week I got a call from Commander Farran, a Soo stockholder who has been active in supplying us with clippings and other information about developments in Iowa. He reported that an article in the Des Moines paper Sunday, June 12, stated that the Iowa Northern was going to seek state funding to buy a portion of the spine line between Manly and Des Moines. This made no sense and upon checking with Harvey Simms of IDOT, I found that the report was mistaken. Simms forwarded the attached news clipping which indicates the Iowa Northern is going to seek funding to buy the line it is now operating between Manly and Cedar Rapids.

The article reports that the Iowa Legislature did establish a \$15 million loan fund payable out of road funds at the rate of \$7.5 million per year. Simms was of the view that the TRAIN group, which is seeking to acquire the east-west line, would not need all of that funding and money would be available for the Iowa Northern. This is an additional source of funds not contemplated by Soo in its financing plans, but may nevertheless represent a dilution of the total funding eventually available to the Soo.

BDO/sjp  
Attachment

cc: ~~J. D. Darling~~  
C. H. Peterson



To: Barney Olsen  
From: 202 Iowa DOT

JUNE 12, 1983 /6F

## Iowa Northern to ask state aid to buy rail link

By RANDY EVANS

Register Staff Writer

A \$15 million loan fund the Iowa Legislature created last month to help finance the purchase of the Rock Island railroad's mainline across Iowa's midsection is being eyed by at least one other group that is trying to get a piece of the Rock.

The Iowa Northern Railroad, which has been operating over the Rock tracks between Manly and Cedar Rapids for two years, intends to seek state financing to help the company purchase the 125-mile line, the railroad's president, John Gohmann, said.

And the way the law was written, a prospective buyer of other segments of the Rock Island system, including the Milwaukee, North Western, and Soo Line railroads, could apply for a portion of the \$15 million, too.

The legislation only stipulated that the money be used for the purchase of tracks belonging to the bankrupt Rock Island. The bill did not specify that the money had to be used on the east-west mainline, although the Legislature acted in response to warnings that those tracks were in imminent danger of being sold for scrap.

A group of Iowa business leaders, called TRAIN, reached a tentative agreement last week to acquire 425 miles of Rock tracks between Council Bluffs and Bureau, Ill., and in the Chicago and Peoria areas. The purchase price was not revealed.

Gohmann said he did not want to derail TRAIN's deal by applying for a loan for the Iowa Northern. But he said farm cooperatives and elevator companies that are expected to join with his company to help finance its purchase offer are miffed that a state loan might be made for one project and not theirs.

One of the elevator owners, Harold Stark, who runs the Packard Elevator Co. in that Butler County community, said: "We feel it would be no more than fair if the state is going to start doling out money to the purchase of Rock Island tracks, we should be included in it. We as shippers feel that we have a viable line here."

Before the Legislature appropriated the loan money, the shippers were prepared to commit enough private capital to go into partnership with the Iowa Northern and purchase the tracks from the Rock Island's bankruptcy trustee, Stark said.

But the railroad-loan legislation for the east-west line "just blew our support right out the window, and rightfully so," Stark added, because the businesses and cooperatives along the Manly-Cedar Rapids line were reluctant to risk as much of their money on the project. They would be at a competitive disadvantage with their counterparts along the east-west Rock tracks, he said.

Said Stark: "If the state is going to start passing out money, why should we work our fannies off and raise the money ourselves and stick our necks out? Per mile of track and per dollar of investment, our line would return money to the state of Iowa faster than TRAIN's would."

The Soo Line, which is trying to acquire the Rock's north-south "spine" line, had notified the Iowa Railway Finance Authority last spring that it would seek financing from the state agency if its deal goes through. Officials of the North Western and Milwaukee, which are attempting to buy parts of the Rock Island system, too, said they did not expect their companies to turn to the state to finance parts of their transactions.

The president of TRAIN, Lee Hays of Newton, said his group was not "overly concerned" about a loan application from the Iowa Northern.

"We're fairly confident we can come up with what we need," said Hays, who is traffic manager of The Maytag Company.

One of the chief architects of the \$15 million loan, Representative Jean Lloyd-Jones (Dem., Iowa City), said she would not object to money being made available to help the Iowa Northern.

"The first choice for use of that money ought to be the east-west line," Lloyd-Jones said. "I don't have any objection to the Iowa Northern getting some money if there is enough after the essential line is saved."

But she added: "I would be very upset if they gave preference to the Iowa Northern over the east-west line if it would limit in any way the ability of TRAIN to come up with enough money to buy that line."

Under the Railway Finance Authority's rules, the staff of the Iowa Department of Transportation would analyze any applications for state money and make recommendations to the finance authority's board, which would decide on each application.

The current DOT analysis of Iowa rail lines lists the east-west Rock tracks as being of regional importance, while the Iowa Northern track is judged to be of local importance.

gdd  
August 2, 1983

TO: T. M. Beckley  
D. M. Cavanaugh  
R. L. Murlowski  
FROM: B. D. Olsen  
RE: Rock Island Bankruptcy

The Trustee has now petitioned the Court to set a hearing for approval of his Amended Plan of Reorganization. The plan will be filed August 3 and a hearing is proposed for September 27, 1983.

BDO/sjp



MINNEAPOLIS GRAIN EXCHANGE  
TRANSPORTATION TOPICS

July 15, 1983

NO. 650

NEWS HIGHLIGHTS

MCGARR APPROVES C&NW OFFER TO BUY ROCK ISLAND TRACK

The Chicago and Northwestern Transportation Company recently announced that it acquired approximately 720 miles of railroad lines and related facilities from the Bankruptcy Trustee of the former Chicago, Rock Island and Pacific Railroad.

According to the C&NW, the transaction was finalized at a closing session following a ruling by Federal Judge Frank McGarr, approving North Western's offer to purchase the properties for a price of \$93 million.

The former Rock Island trackage, which includes the so-called "spine" line between Minneapolis-St. Paul, Minnesota, and Kansas City, Missouri, as well as some grain gathering lines and switching and industrial trackage in Des Moines and Cedar Rapids, Iowa, has been operated by the North Western since mid-1980, when the bankrupt Rock Island stopped operations. North Western President James R. Wolfe said the North Western "will immediately undertake to completely integrate this new trackage with our own system, including a three year phased track rehabilitation program. The end result will be a greatly improved transportation system for the central midwest."

The C&NW had been in competition with the Soo Line Railroad, who also submitted a bid for the line (See TT No. 645, Pages 5 and 6). Late last month the Interstate Commerce Commission ruled that Soo's proposal offered substantial public benefits but said, "Neither Soo's nor C&NW's offer was clearly superior under the agency's public interest criteria to warrant recommending only one to the court." As a result, the ICC recommended both proposals for consideration. However, in considering the two proposals, Judge McGarr concluded that Soo had come forth with its offer after he had closed bidding and granted preliminary approval of the C&NW bid in March. McGarr further said that the place to make an offer is not to the ICC but to the court. He added, "I have no reason to fault (Soo's) going to the ICC, (Soo's) bid though, was on something that was already sold."

U.S. HOUSE OF REPRESENTATIVES PASSES PORT WEEK RESOLUTION

The U. S. House of Representatives recently passed a resolution asking President Reagan to declare the week beginning October 2 "National Port Week." In its resolution, the House noted that the action taken was in recognition of the fact that, "among other things, the nation's ports constitute a very valuable national asset," and are "indispensable to the foreign and domestic commerce and to the national security of our nation."

The resolution (H. J. Res. 173) further noted that the commercial ports of the U. S. are responsible for the continued employment of more than one million workers and, in 1982, generated a total of \$70 billion in direct and indirect benefits to the U. S. economy and over \$1.5 billion to the balance-of-payments accounts.

7/13/83 CTS Stoffer

7

**Don Farran, Chief, Motion Picture Section,  
Public Information Division  
Phone: WOrth 4-5303**

**ACTIVITIES:** The U. S. Coast Guard produces information and training, as well as recruiting films. The majority are in 16mm color-sound with running time of 14 or 28 minutes. For the past three years, CG films have consistently been selected by the United States government for entry in foreign film festivals, and have won a number of awards.

**FACILITIES:** In-house capability. The CG uses its own facilities, including writing, directing, shooting, and editing to final cut of its productions.

**DISTRIBUTION:** Distribution of the films is made through the various Coast Guard District offices and from Headquarters to television stations, schools, colleges, various organizations providing information to their members. Usually, the films are cleared for non-theatrical and television use, and no charges are made for use. An annual Film Catalog is issued by Coast Guard Headquarters and separately by each District office.

**PRODUCTIONS:** Recent subject matter of the films has ranged widely across the world, including LORAN stations on Pacific isles, discovery operations in the Arctic and Antarctic, Search and Rescue, International Ice Patrol, Aids-to-Navigation, Merchant Marine Safety, small boat safety operations including training films on navigation and rules-of-the-road.

21 Chief ~~ma~~  
means "head  
of" + ~~Water~~ Director  
- producer -

from an  
industrial film  
magazine 1963

DF

PHOTO by ARVID '83



Rowan Iowa 50470

7 Huly 83

Hoe,

I'm curious about the SOO stock staying up in the 39s after losing the RI lines. It looks like you have taken some sort of action with higher courts on the case. I hope so.

The Supreme Court has now closed its current sitting but any and all of their Justices are available year 'round for court stays, etc. I hope you have gone to them and the Chief Justice (from Minnesota) to ask for a 'stay' of the CNW-RI case and a retrial of it. The actions of the Chicago judge on the bench are adequate for a retrial. ---

1. Jos. Campbell that the objections of the Governor and legislature and Railroad Board to the CHW were 'not important...'
2. His refusal to permit SOO to take the case to higher courts
3. The obvious pre-information of CNW on the decision that permitted them to have the 92 million in hand within an hour after the decision

All of these would indicate to the Supreme Court that a retrial should be held in a higher court with a different judge. You have every chance to get it by requesting a (stay/ and new trial. And by doing nothing you lose forever your chance to get the new line you must have.

The agri-business of this country is the largest in America, totaling over 130 BILLION a year. That is why these Chicago bankers had the 92 million in hand so quickly.

One other question -- why didn't CARPILL, the largest grain operators in the world (along with Continental in New York) block the Chicago bankers and the CNW???? They could easily have done it, and they are on SOO's Board of Directors. I put a very large question mark behind their failure to act.

The enclosed shows the UP went to the Supreme Court and lost the Missouri Pacific. So what are you people waiting for???

*[Signature]*  
Don.....

*fraud and  
conspiracy  
can be charged*

Soo Line Railroad Company



Soo Line Building  
Box 530  
Minneapolis, Minnesota 55440  
(612) 332-1261

THOMAS M. BECKLEY  
Chairman  
and  
Chief Executive Officer

July 7, 1983

TO MEMBERS OF THE BOARD OF DIRECTORS  
OF SOO LINE RAILROAD COMPANY

There are forwarded the minutes of the Executive Committee Meeting held on June 27, and a copy of the Statement that I made to the meeting respecting the Soo efforts to acquire the so-called "Spine Line" of the Rock Island running from the Twin Cities to Kansas City. Please acknowledge receipt of these minutes by signing and returning the enclosed postcard.

As you have probably noted in the press, Judge McGarr declined to accept the Soo's supplemental offer for land and track not included in the original Soo offer which had been the subject of a hearing held on March 18, 1983. He took the position that his order granting preliminary approval to the sale contract with the North Western was more than a "tentative" approval, and that in his opinion it conveyed an equitable interest in the property to the North Western which could be set aside only if the Interstate Commerce Commission rejected acquisition of the line by the North Western.

The judge went out of his way to establish the final nature of his ruling by denying a stay of entry of his order following the hearing. Under a recent decision in the Court of Appeals in the Seventh Circuit, (in which the Illinois District Court is located), it was held that a sale which had been consummated pursuant to authority of a bankruptcy judge was not subject to appellate review because the matter was moot. In effect, there is no appeal from errors which may have been committed by the judge in reaching his decision. Since the North Western closed the transaction immediately after the hearing, the Soo was effectively foreclosed from appeal.

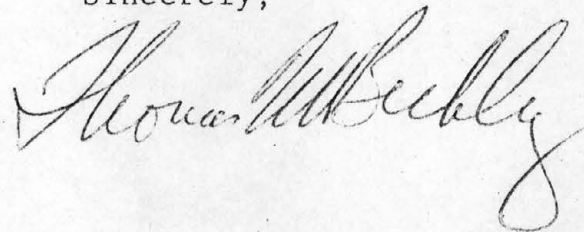
The court indicated that the only circumstance under which he would be disposed to consider the Soo offer would have resulted from a rejection by the Interstate Commerce Commission of the North Western offer and approval of the Soo offer. This

Members of the Board of Directors  
Soo Line Railroad Company  
July 7, 1983  
Page Two

was the recommendation of the Department of Justice in comments which it filed with the Interstate Commerce Commission, but the Commission tended to ignore the practical consequence of approving both offers in its order.

We are reviewing alternative arrangements which might be made to secure better access to the Kansas City gateway.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas M. Buckley".

TMB:lcs

Enclosure

bcc: C. H. Clay  
R. L. Murlowski  
R. H. Smith  
B. D. Olsen  
C. C. Leary  
G. H. Barker  
M. D. Ross  
F. B. Albers



6/24/83 Craig Burrows

1st Natl Bank

Transportation Financing

Trustee leaving to CW

May have cash Wednesday P.M.

6/24/83 Clark Pellatt Attorney  
312-280-8435, keep trying  
Atlantic and Pacific  
Present funding  
\$7,500,000 1983 Iowa State  
funding  
\$7,500,000 1984 Iowa State  
funding  
\$1,000,000 private equity, general  
partner  
\$14,000,000 limited partnership  
private financing  
plus borrowing  
\$40,000,000 to \$86,000,000  
Purchase East-West Line  
Monday, LaDOT meeting  
Steve Roberts plus LaDOT  
Staff, BDO would have phone  
number.

Alluded to joint offer. I suggested in  
view of time and our experience with  
Iowa that if they wanted to make  
an offer for the whole thing, they  
should approach us to guarantee  
to buy out what we want for \$100M.  
May call you Monday or Tuesday.

Rowan Iowa 50470

24 June 83

Joe,

Of there was ever any doubt that the federal judge us sleeping with the RT and CNW his decisionmm enckisedm orives ut, He was going to guve the CNW all he coukd and has done ut,

The ICC kniws that no two railroads cab iperate one line of track and so must hold for the SOO on their decision on the 29th June,

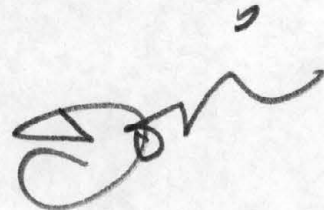
What I can't understabd us gow the SOO could hace been sycgered by the IOWA BORTHERN intp b-lieving they were friends.... on;y to see them try to cut the SOO's throat by trying to buy a piece of the Minn--JC line at the last minute, And uf they had got it they would soon have sold out to the CNW and the Chicago bankers who planned all of it.

If the SOO gets the tracjage I hope they don't relax..... for the CNW will continue to try to block them.

Two of our Iowa congressmen are playing along with the CNW, so watch them. Your ex-VPresident of the US should be able to handle them.

U jope you can read thus - ,y eyes are not dependable.

Don.....

A handwritten signature in dark ink, appearing to be 'Don' with a stylized flourish at the end.



6/22/83 CS Steffen

Randy Evans, Des Moines Register

(515) 284-8000

6/22/83 Randy Evans

2nd hand \$118M

from one of their officers  
limit on second mortgage

6/22/83 Craig Burroughs

6/22/83 Terry Sweeney, Kansas City

Agri Industries

Closed Down

CNW served, old CGW



Soo Line Railroad Company



Soo Line Building  
Box 530  
Minneapolis, Minnesota 55440  
(612) 332-1261

THOMAS M. BECKLEY  
Chairman  
and  
Chief Executive Officer

June 21, 1983

To: Members of the Executive Committee

There is enclosed for your information a copy of the decision of the Interstate Commerce Commission in connection with the disposition of the Rock Island line between the Twin Cities and Kansas City.

The net of the decision is that both the C&NW and Soo proposals are consistent with the public interest and, accordingly, the Commission approved and referred both applications to the court. The Commission noted in passing that joint ownership in operation might have been more in the public interest and benefited both carriers, but in the light of the record the Commission stated that it could not confidently conclude that joint ownership in operation are in the public interest.

I have been advised by the Rock Island trustee that on the basis of his appraisal of the C&NW and Soo offers, the Soo offer is approximately \$2,000,000 superior to that of C&NW, although there are some differences which are somewhat in favor of the C&NW as to which the trustee placed no monetary value.

We are in the process of exploring the various alternatives and positions the Soo might take with respect to the proposed transaction and will report on them more fully at the meeting of the Executive Committee which will be held on June 27.

Sincerely,

Encl.

6/20/83

RITEA - in severity order

System rights

RI

SOO

Pool Crews

Away from home first out

RI men hired by MHT, ATSF, CNW

Computer Study file

C & NW Activity

June 20, 1983

TO: T. M. Beckley  
D. M. Cavanaugh  
B. D. Olsen  
D. J. Boyer  
R. H. Smith  
~~C. C. Leary~~  
G. H. Barker

FROM: J. D. Darling *JDD*

RE: Rock Island Study

The attached CNW letter furnished by C. J. Stoffer.

JDD/jmz

Att. (1)



CHICAGO AND



TRANSPORTATION COMPANY

E. A. BURKHARDT

VICE PRESIDENT - TRANSPORTATION

CHICAGO - May 1, 1983

TO: ALL SUPERVISORS

As many of you are aware Jim Zito has undergone major surgery. He is, we are happy to report, back home from the hospital and well on the road to recovery.

In his absence he has asked me to issue the Supervisory Letter and I'm happy to have this opportunity to contact you directly. I'm going to use this opportunity to let all of you know that I completely share his belief that your role is a key factor in our quest to be the best railroad and, in fact, one of the best company's in the country. I also want to let you know that we are very proud of the results that you and our officers achieved during the recent difficult times. I know that the effective job of controlling costs and improving efficiencies would not have occurred without hard work on everyone's part and large measures of cooperation from our work force.

I'm sure that most of you have noticed an increase in our traffic from the low levels of 1982. The improvement is gradual but steady. 1983 looks like a better year for traffic volume but revenues are still a high concern.

As you no doubt know, the rail industry has a lot of cars and locomotives in storage. So, even if business is improving, there is still heavy competition for traffic.

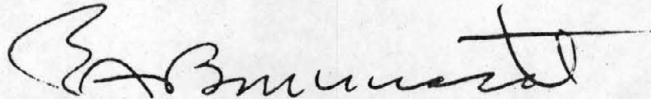
Because of this competition, the railroads that will prosper, that will get the business that is coming back will be the ones that can keep their costs down while expanding their service.

Our Company has demonstrated an ability to reduce costs rapidly during a downturn in business. But the big test is coming up. The test to see if we can hold the line on costs as business improves. In many ways this is a much tougher job. When things are going down it's much easier for everyone to see the reasons for holding the line on costs. But

when everyone sees more cars moving, there often is a tendency to relax. I'll tell you one thing, those railroads that relax during this period could very well find their traffic volumes remaining flat while others keep improving.

It's important for all offices and supervisors to keep committed to the competitive need for holding the line on costs and for achieving productivity improvements. It's equally important for our work-force to be committed to these concepts as well. Therefore, I'm going to ask you to keep talking to your people, pass on the information they need and make sure they understand that we need to fight as a team to get our traffic levels back.

We do look forward to a better year this year but all we really have right now is the opportunity. Let's make sure we turn that opportunity into a reality.

A handwritten signature in dark ink, appearing to read 'E. A. Burkhardt', with a stylized, cursive script.

E. A. Burkhardt

cc: J. R. Wolfe  
J. A. Zito  
R. W. Russell

## SUPERVISOR'S INFORMATION LETTER

FIRST QUARTER - 1983

### Transportation

As reported in the Supervisor's Information Letter for the Third Quarter of 1982, our railroad is continuing its efforts in obtaining contract tariffs with shippers which provide pay-backs of varying amounts based on volume and tonnage. At present, we have about 400 signed contracts.

The Traffic Department instituted an Economy Special campaign to solicit customers presently shipping via trucks or other roads. These customers are being offered "short term" contracts of 60 to 90 days with competitive rates. There have been 911 of these contracts written at the end of March. The reason for this campaign is to fill out our present trains.

To further improve our market share of business, we have recently instituted the Traffic Improvement Program (TIP) wherein the input for potential business comes from any Operating Department employee. Awards will be given to individuals where new business is realized as a result of the "TIP".

The Locomotive Utilization System (LUS) was expanded to the dispatchers on the Illinois and Iowa Divisions in January and February. All train location reporting along the mainline between Wood Street and Fremont/Council Bluffs is now made through computer terminals located on the dispatchers' decks. During the next several months, the system will be expanded by placing a terminal on all other dispatcher desks across the system, with completion of this phase of the project scheduled for the second half of 1983. Because the LUS computer can store information on trains systemwide, it gives the dispatchers and Operations Control instant access to information such as current train location, delays encountered enroute, ordering times of crews, locomotive and caboose numbers, train size, and special information such as the presence of restricted cars within the train.

We have reviewed our operating plan for the Western Coal Project to facilitate its implementation as it gets closer to realization.

Plans are in place for Monterey-Coffeen coal trains to begin operating May 1st. These trains will operate from the Monterey Mine located north of Benld, Illinois on the CNW to the N&W at Edwardsville, Illinois and then on to the power plant at Coffeen. The trains will be 70-75 carloads each and operate 6 days a week.



Coal trains from Converse, Colorado to Wheatfield, Indiana for NIPSCO are scheduled to begin by the end of April. These will augment the current coal trains operating to Wheatfield from Hanna Mine. CNW handling will be from the UP at Council Bluffs to the Conrail at Chicago.

We have instituted improved service between Kansas City and Proviso, both in additional train service and improved running times, in order to enhance our business with the SSW, KCS and the new DRGW connection.

The South Beloit-Chicago commoditrain is scheduled to begin operation April 18. This train handles sand between South Beloit and Elmhurst 5 days a week.

Run-through service has been established with the A&S at Madison, Illinois for trains to and from Proviso, Illinois and Marshalltown, Iowa. We have seen significant improvement in transit times on the CNW as well as through the St. Louis gateway.

Container and piggyback traffic continues to improve and play a major role in the operations on the CNW. We experienced record loading in March, 1983 of 24,121 loads. The prior record in October, 1982 was 23,369 loads. Intermodal loading for the First Quarter was 22.6% up from same period of 1982.

Final hearing before the ICC on our purchase of approximately 720 miles of the former RI is scheduled for June 20, 1983. We have been operating the territory for the past three years and expect a favorable ruling.

### Quality Control

Loaded car movement continues to improve over our prior year performance, as a percent of moves within standard:

<u>Month</u>	<u>1982/83</u>	<u>1981/82</u>
October	81.1%	78.3%
November	80.5%	76.0%
December	75.7%	78.2%
January	69.8%	60.8%
February	75.7%	72.2%
March	77.9%	77.7%

With our increasing traffic volume, your attention to advance consists so that delays will be minimized will keep our customers happy and reduce our car hire costs.

Signal emphasis has been on training and review of our signal standards and test procedures with our leading maintainers as well as field reviews to ascertain learning results.

Our record of False Proceeds has been favorable the past 6 months.

Locomotive failure rates continue to be better than prior year performance:

<u>Month</u>	<u>1982/83</u>	<u>1981/82</u>
October	211	220
November	203	237
December	171	185
January	212	313
February	224	250

### Motive Power

Through mid-April of 1983, the Oelwein Turbocharger Rebuild Program completed 77 EMD turbochargers for an estimated savings of \$350,000 over former vendor rebuilding charges. A similar program for Alco turbocharges is in its initial state at Green Bay Shop.

The rebuild of prototype "state-of-the-art" SD-45 will begin during May with a mid-June target date for release. Features include improved engine/injection components, electronic governor, air starter, high efficiency turbocharger, electric cab heat, extended range dynamic brakes, modular control cabinet, electric cab heat, computerized radio, mechanically bonded radiators, and an air compressor clutch to disengage compressor when not pumping air (fuel savings). Fifty-eight former Conrail SD-45's built during 1966-1968 have been purchased and are stored pending future rebuild for "coal line" service.

Improved locomotive failure reporting/followup now has identified problem areas for intense concentration. Monthly reports will be provided to all supervisors for review and action. Briefly, during the first three months of 1983, 450 high horsepower locomotive "failures" (service interruptions, malfunctions, irregularities, etc.) were analyzed and categorized in the following six areas of responsibility:

- 39 man failures
- 36 abuse related (derailment, environment, crew, etc.)
- 38 undetermined cause
- 67 component failures - premature
- 186 component failures - normal life
- 84 no trouble found

450 Total

Major problem areas identified included "loading problems" account fuel filtration and miscellaneous electrical malfunctions, pre-mature radiator core failures, and engine cylinder head-valve-injector-system failures due to material defects and application problems. Maintenance Procedure changes as well as material vendor changes have been instituted as a result of in-depth studies in selected problem areas which surfaced with this reporting/analysis system.

### Operating Administration

#### Labor Liaison

In conjunction with the Finance and Accounting Departments, W-2 forms for 1982 were mailed to employees home address which resulted in a somewhat lesser cost and a great advantage to those employees having income tax refunds.

#### Stations

The Station Department has submitted Pact Requests to the Systems Department for the following programs:



1. Computerize the accounting functions for collection and reporting of freight charges at the Zone Accounting Stations at St. Paul, Des Moines, and Milwaukee.
2. Computerize the rates covered by contracts and other deregulated commodities wherein rates could be obtained through terminals located at the Zone Accounting offices and other selected major agencies.

#### Joint Facilities

Several projects involving coordination with other railroads, including run-through of locomotives and cabooses, are presently being processed. As these projects are consummated they will be reported in the succeeding Supervisors Quarterly Information Letter.

#### Communications

Recorders were installed in the callers' offices at Proviso and Kansas City.

Company radio shops were established at Proviso, Minneapolis, and Council Bluffs. Inventory of all radios except on locomotives was established on VMOS data base. After evaluation, more economical radios were standardized on, without degrading performance.

A new dial-up system to replace the teletype network as well as the Traffic Department car location inquiry equipment was approved for implementation at the beginning of the third quarter. Significant savings will be realized by both departments.

At One North Western Center, communications were installed on the south end of the 7th floor in conjunction with relocation of Suburban Division staff from the depot as well as establishment of new offices for Western Coal Project and cost and Financial Analysis department.

#### Budget

The First Quarter of 1983 was budgeted for the Operating Department as follows:

	Original Budget	Revised Budget	Reduction
January	\$ 62,354	\$ 56,293	\$ 6,061
February	60,516	54,865	5,651
March	63,440	58,414	5,026
TOTAL	<u>\$186,310</u>	<u>\$169,572</u>	<u>\$ 16,738</u>

The reduction of the original budget down to revised budget was necessitated by a drastic drop in the Traffic Forecast. Reductions were made in the following primary categories:

Car Hire	\$ 1,965
Locomotive Fuel	3,291
Train & Yard Crews	2,362
Engr. L.M&O	4,266
L&D Freight	1,216
Clinton Shop	512
Oelwein Shop	153
Destroyed & Defect Card & Off Line Repairs	795
Diesel Running Repairs	429
All Other Items	<u>1,749</u>
	\$ 16,738

Through the First Quarter of 1983, actual Operating Department expense is 13% below the revised budget. Mild weather was a primary factor in allowing operations to be accomplished at this low level, along with conscientious efforts by Operating personnel to hold expenses down. A noticeable effect of this effort is the 1% variation between final estimated expense and actual expense for the First Quarter, 1983. Actual labor for this period varied from final estimated labor by 0.2%. These minimal variations indicate the estimates are being made with care and are based on controlled costs.

#### Equipment Management

500 of our newer jumbo covered hoppers were converted to gravity/pneumatic cars, and 300 are in the process of receiving a special FDA approved interior lining.

The rebuilding of 80 100-ton cars acquired for peper loading is complete and the cars are undergoing wall and end modifications. 70 more cars will be rebuilt when demand returns.

Our fleet of 350 3500-cubic foot, 169000 series covered hoppers were modified, bottom slides redesigned and new seals applied under builder's warranty. All cars are in service.

Clinton Car Shops will rebuild 112 welded rail train cars in 1983.

225 40-foot box cars have been designated "XP" and assigned to Bayport, Minnesota.

An updated and revised tape/slide program on Commodity Grading has been released. It is extremely important that we have accurate information on the condition of cars we are



offering our shippers for loading. Placing a dirty or otherwise unfit car in a customer's facility can cause the loss of traffic, not to mention the added costs of double handling of the car rejected. Tight inventories and cash flows often result in waiting as long as possible before ordering and shipping needed product. If an unsatisfactory car is offered, a customer may have no alternative but to turn to another mode of transportation, or a competing line, to avoid delay.

New computer programs have been phased in to help improve car movement and utilization. Cars under Reconsigning or Diversion orders are flagged in Train Consists, and the Order printed at the end of the consists. Yards relaying Train Decks receive the messages in card form and print them in their advance consists.

Cars requiring special handling or attention are also flagged in Train Consists, as well as cars containing Hazardous Materials (provided the car has been properly New Loaded).

Cars under speed restrictions, or with clearance restrictions are also identified in the same manner.

Train length and length of blocks are given accurately in feet and inches, as well as the hourly Car Hire cost of the train and blocks.

As always, these and the other features of our real-time IBM Car-Fax System depend upon timely and 100% accurate report. The computer is the most powerful tool we have to control, measure and evaluate all of the phases and facets of our company's operation. We must do everything we can to insure that the data going into it is correct as prompt as possible.

While we have still been keeping our Car Hire costs in a reasonable area, we are concerned recently as foreign cars on line are increasing while we average about 9500 surplus system cars. Our per Diem Indicator program must be emphasized, and we must be sure our high value cars remain in service.

The Safety Performance of Equipment Management forces for the First Quarter of 1983 is the best ever; 1.92, but under our objective of 1.5. The program of working with injury repeaters has helped; we must continue this vigorously.



### Western Coal Project

During the First Quarter, the Western Coal Project Management Team established its Chicago Headquarters on the 7th Floor of the General Office. In addition, the primary field office was established in an existing building at Torrington, Wyoming.

With respect to the legal and regulatory aspects of the Project, two major hurdles were cleared during the month of March, giving optimism to starting construction this summer on the Rehab and Connector Lines. First, the Wyoming State Supreme Court affirmed a District Court Decision denying the Industrial Siting Council jurisdiction over permitting requirements, holding that the Interstate Commerce Commission had pervasive authority over construction, extension, and operation of interstate railroad lines. Secondly, the Washington D. C. Circuit Court affirmed the ICC order prescribing the terms of the Operating Agreement and price North Western will pay the Burlington Northern for its share of the Joint Line. Following this Order, BN has 45 days in which to seek a rehearing from the same court, and an additional 90 days to request a Petition for Cert. from the U. S. Supreme Court. In any event, if C&NW, UP Corporation, and the participating Lender banks all agree to waive certain restrictive provisions contained in its Loan Agreement, and proceed with plans currently under way for a July 1, 1983, construction start, further litigation by BN could be inconsequential.

While progressing toward the goal of actual construction, First Quarter accomplishments included:

- 1) The selection of nine general contractors and joint venture parties to bid on the Project.
- 2) The selection of Henningson, Durham, and Richardson as prime engineering management and quality assurance consultant.
- 3) Continued progress toward securing over 250 licenses, permits and agreements covering authorities necessary for the Project.
- 4) An agreement was reached with Wyobrasca Landowners Association, paving the way for negotiations with individual owners for purchase of right-of-way, providing also for certain obligations to be assumed by the Railroad. Real Estate Agents have been concentrating on properties needed for initial construction of bridge and grading areas. In some cases, condemnation proceedings may be necessary where landowners fail to

respond.

- 5) Ballast contract bid documents were completed with proposals received from eight interested contractors on March 17th. Following verification of test data supporting quality and quantities, the successful supplier will be notified to proceed.
- 6) Construction bid documents covering the Rehab, Shawnee Leg, Bill Yard, and Connector Line were forwarded to the selected contractors March 18th. A pre-bid conference with an organized tour of the Project area was conducted March 29-30. Bid proposals are due for opening May 9, with expectations of awarding the contracts the week of May 23.
- 7) Two surveying crews have been staking center line and the right-of-way for construction. This activity will continue to completion, expected about June 1.
- 8) Coopers and Lybrand, our project management consultants, finalized their report entitled, "Project Cost Monitoring System Requirements Definition" in preparation for selecting a vendor to provide a computerized cost gathering and production control system. The Master Schedule and Expenditure Plan have been continually updated in an IBM personal computer which will provide the base line data for the System.

### Engineering - Electrical

#### CLINTON, IOWA

Made field surveys, designs and estimates to upgrade rip track power to accept new 75 HP compressor; to install high pressure sodium lighting in main car shop and complete paint shop light project; and bring recently purchased buildings up to C&NW electrical standards.

#### RTA PROJECTS

Provided updated electrical bills of material and estimates for blower type switch heaters for Clinton Interlocker, Chicago, and NI Interlocker at West Chicago.

Provided bill of material and estimate for platform project at Kenilworth, Illinois.

Reviewed with comments RTA drawings on platform jobs at Maywood, Park Ridge, Highland Park, Mt. Prospect, Glen Ellyn, and Elmhurst.

Reviewed with comments RTA drawings on depot and platform work at West Chicago and Crystal Lake, Illinois.

Provided final working drawings, bills of material, and AFE estimates for standby power at Waukegan, Crystal Lake, and Harvard, Illinois.

#### COAL LINE

Completed electrical drawings for Lusk, Wyoming maintenance building and microwave buildings at Node and North Douglas.

Working with electrical consultant on special power requirements for Bill, Wyoming Yard Office.

Set up with Roosevelt Power District special temporary feed that will feed South Morrill microwave building during first stage construction. Final feed will be 12,000 volt C&NW power line.

#### SAFETY

Working with Staff Manager Roadway Equipment, finalized and implemented "Overhead Power Line Crane Safety Program". First group of instructors taught program. First field classes held.

#### Engineering Signal

During the 1st Quarter of 1983 the Signal Department has completed the following major projects:

1. Installed new remote controlled signal system on the Mississippi River Bridge (MP 0 3/4) at Clinton, Iowa.
2. Installed automatic solid state transfer system (primary to standby) on the central processing units of the West Chicago CTC control machine.
3. Initiated new relay repair program at the Consolidated Signal Shop at Proviso realizing significant savings and reducing the "new relay" inventory.
4. Installed 15 new grade crossing warning systems utilizing state-of-the-art motion sensing control devices.



Engineering

BRIDGE DEPARTMENT

- 1) Bridge No. 0-3/4 Over Mississippi River at Clinton, Iowa - Steel crews completed repairs to the end machinery at both ends of the swing span. This project was started in December 1982, and covered the replacement of bent shafts, loose bearings and badly worn gears.
- 2) Chicago Passenger Terminal - Platforms - Steel crews and B&B Forces have started the reconstruction of passenger platforms north of the train shed roof. We expect to complete this project in the Third Quarter of 1983. It is being funded 100% by the RTA.
- 3) Bridge design office completed the revision of all bridge plans for the Western Coal Project in preparation for putting the project out for bid in late March.
- 4) Bridge No. 2878 at Owattona, Minn (R.I. Line) - Steel bridge crew and B&B Forces completed restoration of this bridge and the line was placed back in service. Bridge No. 2878 was severely damaged in a derailment in late December 1982.

SCALES DEPARTMENT

Casper, Wyoming

A new electronic track scale was installed in conjunction with a yard relocation project funded 100% by City of Casper. Scale was put in service November 3, 1982.

A new self-propelled scale test car was authorized for purchase and subsequently ordered from the Maxon Car Corp. in St. Paul. The car was ordered after a rash of derailments by our 3 short wheel-base test cars.

The 2 oldest short wheel-base scale test cars will be repaired as necessary, then positioned in Cedar Rapids and Clinton to be used as 'terminal test cars.'

Des Moines, Ia.

The Fairbanks track scale at Hull Ave. was completed rehabilitated. All structural steel was sandblasted and painted with new pivots and bearings installed in the lever system. The scale was tested, calibrated, and returned to service March 17, 1983.

Itasca, Wisconsin - Fairbanks Test Scale

After being taken from service in January for inaccurate weights, the lever system was taken apart and new pivots and bearings installed. After testing and calibration, the scale was returned to service March 16, 1983.

ENVIRONMENTAL DEPARTMENT

1. Completed environmental review of PRC Line in preparation for filing of line abandonment application.
2. Completed 2 additional environmental assessments for line abandonments.
3. Developed initial hazardous material risk assessment list for traffic Department use in determining cost structure.
4. Participated in meeting of Environmental Committee of O-T General Committee, AREA Committee 13 meeting, and B&B Annual Meeting.

BUILDING DEPARTMENT

1. Western Coal Project - Design work has been continuing on buildings and associated facilities as follows:
  - a) Microwave buildings at North Douglas and Node, Wyoming (will be out for bid in July).
  - b) Lusk, Wyoming - Depot rehabilitation (out for bids in July).
  - c) Bill, Wyoming - Passive solar-heated yard office, garage and utility building (out for bids in 1984).
  - d) South Morrill, Nebraska - Yard office, garage and microwave buildings completed in 4th Quarter. (Microwave Building will be out for bids in July. Remainder during 4th Quarter of 1983).
2. Crew Lodging, Milwaukee, Wisconsin - Remodeling work was started in late 1982 and will be completed during Spring 1983.

3. Coach Yard - Des Plaines, Illinois - Working drawing for passive solar-heated section headquarters and garage 85% complete - project now deferred to 1984.
4. Space Heating Audit - Division responses to the questionnaire were furnished. Computer program is operational. However, many questionnaires will now be returned to Divisions because of insufficient cost information.
5. New Boiler Plant for C.P.T. Train Shed - Engineering work has just begun and will be bid A.S.A.P. with installation to be completed during 4th Quarter.





Iowa Department  
of Transportation

6-10-83

Joe -

Now that 500 is almost  
in the corn fields, Joe  
says that you can get into  
the coal fields if you  
read the attached.

James

6/9/83 Jim Lynch, Iowa Falls Newspaper  
Rodger Sewell

6/8/83 Harvey Simon 215-239-1054

AAR Coal Study

Counter bills submitted in Congress

Chris Rock 283



June 8, 1983

TO: T. M. Beckley  
D. M. Cavanaugh  
B. D. Olsen  
D. J. Boyer

FROM: J. D. Darling JDD/12

RE: Rock Island Study

The attached letter from J. R. Stone.

JDD/jmz

Att. (1)

June 7, 1983

TO: R. H. Smith

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Attached is a list of industries in Cedar Rapids, furnished  
by C. J. Stoffer.

JDD/jmz

Att. (1)

FREIGHT AGENTS' ASSOCIATION OF CEDAR RAPIDS, IOWA  
INDUSTRIES AT CEDAR RAPIDS LOCATED ON RAIL TRACKAGE AND OPEN TO  
RECIPROCAL SWITCHING

Cedar Rapids, Iowa  
July 7, 1981

AMERICAN STGE CO.	WAREHOUSE	CRIC
BAKER PAPER CO.	PAPER PRODUCTS	ICG
BARNARD & LEAS MFG. CO., INC.	MILLING MACHINERY	CRIC
BELDEN HILL, INC.	CIGARS, ETC.	ICG
CARGILL CORN STARCH PLANT	CORN & MISC.	CNW
CARGILL INC., EAST	SOYBEAN PROCESSING	ICG
CARGILL INC., WEST	SOYBEAN PROCESSING	CRIC
CORN SWEETENERS - LEASED TRACK	CORN SYRUP	ICG
CEDAR RAPIDS BLOCK CO. (12th Ave.)	CONCRETE BLOCKS	CRIC
CEDAR RAPIDS COMMUNITY SCHOOLS	WAREHOUSE	CNW
CEDAR RAPIDS LUMBER CO.	LUMBER	CRIC
CEDAR RAPIDS SHEET METAL WORKS	SHEET METAL PRODUCTS	CNW
CEDAR RAPIDS TRANSFER & STGE CO.	WAREHOUSE A & J STREET	CNW
CEDAR RAPIDS TRANSFER & STGE CO. (Fleck)	WAREHOUSE B - WEST SIDE	CRIC
CEDAR RAPIDS WATER WORKS	CITY	CRIP-CNW
(FILTRATION PLANT ONLY)		
CENTURY ENGINEERING CORP.	FURNACES	CRIP-CNW
CHERRY BUILDING EAST	STORAGE WAREHOUSE	CRIP-CNW
CIMINO CO.	BEER DISTRIBUTORS	ICG
CITY OF CEDAR RAPIDS	ROAD OIL STORAGE	CRIC
(FILTRATION PLANT)	CHEMICALS	CRIP-CNW
COHN E. & SONS, INC	SCRAP DEALERS (WESTSIDE)	CRIC
CONTINENTAL OIL CO.	PETROLEUM PRODUCTS	CRIC
CORN SWEETENERS, INC.	CORN PRODUCTS	CRIC
CRESCENT ELECTRIC CO.	ELEC. SUPPLIES	ICG
CRYOVAC CO. (Div. W R Grace)	PLASTICS	CRIC
DIAMOND V MILLS	FEED	CNW
FARMLAND INDUSTRIES, INC.	FEED	CRIC
FEDER M & SONS	SCRAP DEALERS	CRIP-CNW
FEDER WAREHOUSE	STORAGE	CRIP-CNW
GENERAL MILLS, INC.	FOOD SUPPLIES	CNW
GLOBE MACHINERY & SUPPLY CO.	MACHINERY SUPPLIES	CRIC
<del>GREAT PLAINS GAS CO.</del>	<del>L P GAS</del>	<del>CRIC</del>
GRISSELL CO.	SHEET METAL	ICG
HARNISCHFEGER CORP.	CRANES & BACKHOES	CRIC
HAMILTON CO.	SEEDS	ICG
HARPER MCINTIRE CO.	WHOLESALE MDSE	CRIP-CNW
HAWKEYE SEED (WITWER BLDG.)	GARDEN SUPPLIES	CRIP-CNW
HIGHWAY EQUIP. CO. (McNall Bldg.)	CNW	
HUBBARD ICE & FUEL CO.	FUEL OIL & COLD STGE.	CNW
HUBBARD MILLING CO.	FEED MFG.	CRIC
HUGHES BROS. CO. (4300 6th St. SW)	BLDG. SUPPLIES	CRIC
IOWA ELECTRIC LIGHT & POWER CO.	POWER PLANT	CRIC-ICG
IOWA ILLINOIS GAS & ELECTRIC CO.	UTILITIES	CRIC-ICG
IOWA MFG. CO.	ROAD MAKING MACHINERY	ICG
IOWA STEEL & IRON WORKS	STEEL FABRICATORS	CRIP-CNW
IOWA PIPE & SUPPLY CO.	PUMPS, STEEL PIPE	CRIC
I O A FOODS	GROCERIES	CRIP-CNW
KENWOOD FURNITURE CO.	STORE	ICG
KING'S BUILDERS MATERIALS	BLDG.	CRIP-CNW
LAURANCE PRESS CO.	PRINTERS	ICG
LEFBURE CORP. (1st Ave.)	OFFICE EQUIP.	ICG
LINK BELT SPEEDER CORP (96th St. SW)	DRAG LINES, SHOVELS	CRIC
LOFTUS DISTRIBUTING CO. (315 9th Ave.)	LUMBER	CRIP-CNW



LOFTUS DIST. CO. (1st. St. SE & 7th Ave.)	Lumber	CNW
MIDWEST HOMES (Old Lambert Yard Bldg.)	BLDG MATERIALS	CRIC
LUMBERLAND INC.	BLDG. MATERIALS	CRIC
MIDWEST FOOD DISTRIBUTORS	FOOD JOBBERS	ICG
MITVALSKY, F S & CO.	FURRIERS	ICG
MIDWEST HOME IMPROVEMENT	CARPET	ICG
NATIONAO OATS CO.	CEREALS, FEED, GRAIN	ICG
OAKLAND BLDG.	STORAGE	ICG
OHSMAN & SONS, CO.	WOOL, HIDES	CNW
OTTSEN & SONS OIL CO.	PETROLEUM PRODUCTS	CRIC
OGDEN ADAMS	BLDG SUPPLIES	ICG
PAPER RECOVERY	SCRAP PAPER	CRIC
PENICK & FORD, LTD.	GRAIN, STARCH	CRIC
PEPSI COLA BOTTLING CO.	BEVERAGES	CRIP-CNW
QUAKER OATS CO.	CEREALS, FEED, GRAIN	CNW
RAPIDS, EQUIP. CO.	COOLING EQUIP	CNW
ROUSH BAKERY PRODUCTS, INC.	BAKERY PRODUCTS	CRIP-CNW
RUSSELLS GUIDES	PAPER & STEEL PROD.	CNW
SALVATION ARMY	SCRAP PAPER	ICG
SCHIMBERG CO.	PIPE	WLOO
GETTY OIL CO.	PETROLEUM PRODUCTS	CRIC
SMULEKOFF'S	FURNITURE	ICG
STANDARD OIL CO.	PETROLEUM PRODUCTS	CNW
TRANSPORT TRAILERS, INC.	TRAILERS	CRIC
UNIVERSAL ENGINEERING CORP.	ROAD MACHINERY	CNW
VALLEY PRODUCE ( Witwer Bldg.)	FRUIT & VEGETABLES	CRIP-CNW
VETTER PARK LUMBER CO.	BLDG. MATERIALS	ICG
WEYERHAEUSER CO.	PAPER CARTONS	WLOO
WHOLESALE FEEDS, INC.	FEEDS	ICG
WILSON FOODS	LIVESTOCK	CRIP-CNW
	PACKING PLANT	CRIP-CNW

INDUSTRIES AT CEDAR RAPIDS LOCATED ON RAIL TRACKAGE  
BUT NOT OPEN TO RECIPROCAL SWITCHING

CEDAR RAPIDS & IOWA CITY RAILWAY

COORS DISTRIBUTORS

HUGHES BROS. (919 6th St. S W)

DRAKE PETROLEUM CO.

IOWA CONCRETE PRODUCTS CO.

IOWA ELECTRIC LIGHT & POWER CO. (POWER CREEK STATION)

IOWA ELECTRIC & POWER CO.

IOWA ILLINOIS GAS & ELEC. CO.

LINK BELT SPEEDER CO. (BOWLING STREET PLANT)

MCMAMARA OIL CO.

MIEHLE GOSS DEXTER CO. (GOSS CO.)

NOVAK L P GAS CO.

PRE-STRESSED OF IOWA (J STREET PLANT)

ROCK ISLAND MILLWORK

SUBURAN-LUMBER CO. (TEAM TRACK DELIVERY)

IOWA LUMBER DEALERS

*M + J Seed — Nozette —*

CHICAGO & NORTHWESTERN TRANSPORTATION CO.

SURBURAN LUMBER CO. (BEVERLY, IOWA)

ILLINOIS CENTRAL GULF RAILROAD

CENTRAL CONCRETE CO. (LOUISA, IOWA)

CONSOLIDATED RECYCLING

COLLINS RADIO

DALE LEE DIST. CO.

LONGVIEW FIBRE DIVISION

KENWOOD MOVING & STORAGE CO. (LOUISA, IOWA)

MOBILE PLYWOODS, INC. (LOUISA, IOWA)

NASH FINCH CO. (LOUISA, IOWA)

NORTHWESTERN PORTLAND, INC. (LOUISA, IOWA)

VIGORTONE PRODUCTS CO. (LOUISA, IOWA)

CEDAR RAPIDS MILLWORK CO. (TEAM TRACK 32nd St.)

FISHER PRINTERS (LOUISA, IOWA)

HEABEL & CO.

HALLS FURNITURE

LEIGH PORTLAND CEMENT CO.

MCKESSON CHEMICAL (LOUISA, IOWA)

MENARD'S LUMBER

SUTHERLAND LUMBER CO.

WATERLOO RAILROAD

IOWA ELECTRIC LIGHT CO.

IVES PRANA FUEL CO.

BEER

LUMBER

SOLVENT

CONCRETE PIPE

POWER PLANT - WEST SIDE

STGE YARDS-APPLIANCE WHSE

L P GAS

STEEL POWER SHOVELS

PETROLEUM PRODUCTS

PRINTING EQUIPMENT

L P GAS

CONCRETE PRODUCTS

MILLWORK

LUMBER

BLDG. SUPPLIES

LUMBER

CONCRETE

PAPER

ELECTRICAL

BEER

PAPER

STORAGE

PLYWOOD

GROCERIES, FRUIT

CEMENT

FEED, INGREDIENTS

LUMBER

PRINTING

LUMBER

FURNITURE

CEMENT

CHEMICALS

LUMBER

BLDG. SUPPLIES

POLES

COAL

LIST REVISED BY FREIGHT AGENTS' ASSOCIATION OF CEDAR RAPIDS -- JULY 1981

J. A. Brady, Secretary

June 6, 1983

TO: D. M. Cavanaugh  
C. C. Leary  
G. H. Barker  
W. B. Peterson  
J. M. Fandrich  
D. J. Lyons

FROM: J. D. Darling JDD

RE: Rock Island Study

The attached CNW slow orders were furnished by C. J. Stoffer.

JDD/jmz

Att. (1)



CODE #01311

## CHICAGO &amp; NORTH WESTERN TRANSPORTATION COMPANY

TRAIN ORDER NO.

DES MOINES MAR 23 1983

C&amp;E OWATONNA SUBDIVN TRAINS

To

To

To

To

At ALBERT LEA

X

Opr.

M.

MAXIMUM SPEED 40 MPH ON OWATONNA AND ROSEPORT SUBDIVN EXCEPT  
DO NOT EXCEED THE SPEED INDICATED AT THE FOLLOWING LOCATIONS

30 MPH BETWEEN MP 250.0 AND MP 251.1

10 MPH BETWEEN MP 251.1 AND MP 251.7

10 MPH BETWEEN MP 253.8 AND MP 267.2

30 MPH BETWEEN MP 267.2 AND MP 268.4

10 MPH BETWEEN MP 268.4 AND MP 268.8

30 MPH BETWEEN MP 268.8 AND MP 283.7

10 MPH BETWEEN MP 283.7 AND MP 284.7

30 MPH BETWEEN MP 284.7 AND MP 286.8

10 MPH BETWEEN MP 286.8 AND MP 288.0

30 MPH BETWEEN MP 288.0 AND MP 333.5

10 MPH BETWEEN MP 333.5 AND MP 334.0

30 MPH BETWEEN MP 334.0 AND MP 343.9

10 MPH BETWEEN MP 343.9 ON OWATONNA SUBDIVN AND MP 524.0

ON ROSEPORT SUBDIVN

LOCATED BETWEEN MANLY JCT AND SOUTH ST PAUL

WHW

EACH EMPLOYEE ADDRESSED MUST HAVE A COPY OF THIS ORDER.

311

P

GALAGAN

Opr.

Made Complete Time

# AGO & NORTH WESTERN TRANSPORTATION COMPANY

TRAIN ORDER NO. 608

DES MOINES MAY 7 1983

To C&E TRAINS STARTING OWATONNA SUBDIVN

To.....

To.....

To.....

ALBERT LEA

At.....

X..... Opr.; ..... M.

MINIMUM FLAGGING DISTANCE IS 6000 FEET ON OWATONNA AND ROSEPORT SUBDIVN

630AM UNTIL 701PM DAILY SOUND WHISTLE SIGNAL 15-L FREQUENTLY BETWEEN KASPER AND OWATONNA WATCHING OUT FOR MEN AND EQUIPMENT NEAR MAIN TRACK CONSTRUCTING POLE LINE

W H W

EACH EMPLOYEE ADDRESSED MUST HAVE A COPY OF THIS ORDER.

Made Complete Time 939 a M Walk Opr.



# GO & NORTH WESTERN TRANSPORTATION COMPANY

TRAIN ORDER NO. 619

DES MOINES MAY 10 1983

To C&E SOUTHWARD TRAINS  
OWATONNA SUB DIVN

To

To

To

At ALBERT LEA

X

Ops

M

DO NOT EXCEED THE SPEED INDICATED AT THE FOLLOWING LOCATION  
10 MPH BETWEEN MP 242.7 AND MP 242.0  
LOCATED BETWEEN GLENVILLE AND GORDON  
ALL UNIT TRAINS EXCEEDING 50 CARS WILL NOT EXCEED 30 MPH  
BETWEEN ALBERT LEA AND MANLY JCT

W H W

EACH EMPLOYEE ADDRESSED MUST HAVE A COPY OF THIS ORDER.

Made Complete Time 411 PM M BALMER Opr



## CHICAGO &amp; NORTH WESTERN TRANSPORTATION COMPANY

TRAIN ORDER NO. 693

DES MOINES MARCH 23 19 83

To C&E NORTHWARD TRAINS ONATONNA SUBDIVN	
To	
To	
To	
To	At MASON CITY
X	Opr. M.

MAXIMUM SPEED 40 MPH ON ONATONNA AND ROSEPORT SUBDIVN  
EXCEPT DO NOT EXCEED THE SPEED INDICATED AT THE  
FOLLOWING LOCATIONS

30 MPH BETWEEN MP 250.0 AND MP 251.1  
10 MPH BETWEEN MP 251.1 AND MP 251.7  
10 MPH BETWEEN MP 253.8 AND MP 267.2  
30 MPH BETWEEN MP 267.2 AND MP 268.4  
10 MPH BETWEEN MP 268.4 AND MP 268.8  
30 MPH BETWEEN MP 268.8 AND MP 283.7  
10 MPH BETWEEN MP 283.7 AND MP 284.7  
30 MPH BETWEEN MP 284.7 AND MP 286.8  
10 MPH BETWEEN MP 286.8 AND MP 288.0  
30 MPH BETWEEN MP 288.0 AND MP 333.5  
10 MPH BETWEEN MP 333.5 AND MP 334.0  
30 MPH BETWEEN MP 334.0 AND MP 343.9  
10 MPH BETWEEN MP 343.9 ON ONATONNA SUBDIVN  
AND MP 524.0 ON ROSEPORT SUBDIVN  
LOCATED BETWEEN MANLY JCT AND SOUTH ST PAUL

WHW

EACH EMPLOYEE ADDRESSED MUST HAVE A COPY OF THIS ORDER.

Made Complete Time

2:18 p.m.

Astlund

Opr.

**CHICAGO & NORTH WESTERN TRANSPORTATION COMPANY**TRAIN ORDER NO. 63MASON CITY JUNE 3 19 83

To <u>C&amp;N SOUTHWARD TRAINS LOWA FALLS SUBDIVN</u>	
To .....	
To .....	
To .....	At <u>MASON CITY</u>
X .....	Opr. .... M. ....

DO NOT EXCEED THE SPEED INDICATED AT THE FOLLOWING LOCATIONS  
BETWEEN SHORT LINE CUT AND MASON CITY

10 MPH BETWEEN MP 73.6 AND MP 75

30 MPH BETWEEN MP 75 AND MP 77.4

10 MPH BETWEEN MP 77.4 AND MP 79

30 MPH BETWEEN MP 79 AND MP 82.8

30 MPH BETWEEN MP 82.8 AND MP 85

10 MPH BETWEEN MP 85 AND MP 85.2

30 MPH BETWEEN MP 85.2 AND MP 86.4

35 MPH BETWEEN MP 86.4 AND MP 92

30 MPH BETWEEN MP 92 AND MP 103.3

10 MPH BETWEEN MP 103.3 AND MP 113.5

30 MPH BETWEEN MP 113.5 AND MP 131.2

10 MPH BETWEEN MP 131.2 AND MP 131.5

END

EACH EMPLOYEE ADDRESSED MUST HAVE A COPY OF THIS ORDER.

Made Complete Time 9:29 4 M. NIKOLAS Opr. ....

**CHICAGO & NORTH WESTERN TRANSPORTATION COMPANY**TRAIN ORDER NO. 964MASON CITY JUNE 3 1983C&N SOUTHWARD TRAINS IOWA FALLS SUBDIVN

To.....

To.....

To.....

To.....

At..... MASON CITY

X..... Opr.:..... M.

DO NOT EXCEED THE SPEED INDICATED AT THE FOLLOWING LOCATIONS  
BETWEEN GARDEN CITY AND FLINT

30 MPH BETWEEN MP 131.5 AND MP 133.2  
 10 MPH BETWEEN MP 133.2 AND MP 134.8  
 30 MPH BETWEEN MP 134.8 AND MP 136.5  
 10 MPH BETWEEN MP 136.5 AND MP 136.8  
 30 MPH BETWEEN MP 136.8 AND MP 140  
 10 MPH BETWEEN MP 140 AND MP 150  
 30 MPH BETWEEN MP 150 AND MP 152.8  
 10 MPH BETWEEN MP 152.8 AND MP 154.6  
 30 MPH BETWEEN MP 154.6 AND MP 163.7  
 10 MPH BETWEEN MP 163.7 AND MP 164  
 30 MPH BETWEEN MP 164 AND MP 170.3  
 10 MPH BETWEEN MP 170.3 AND MP 176  
 30 MPH BETWEEN MP 176 AND MP 179.8  
 10 MPH BETWEEN MP 179.8 AND MP 181.45  
 30 MPH BETWEEN MP 181.45 AND MP 183  
 10 MPH BETWEEN MP 183 AND MP 184  
 30 MPH BETWEEN MP 184 AND MP 190.5

WHW

EACH EMPLOYEE ADDRESSED MUST HAVE A COPY OF THIS ORDER.

Made Complete Time 932 A M. NIKOLAS Opr.



# CHICAGO & NORTH WESTERN TRANSPORTATION COMPANY

TRAIN ORDER NO. 940

MASON CITY MAY 25 1983

To C&E SOUTHWARD TRAINS

To IOWA FALLS SUBDIVN

To

To

At MASON CITY

X

Opr.

M.

AT SHIPLEY  
SOUTH SWITCH OUT OF SERVICE AND SPIKED

AT MCCALLSBURG  
SOUTH END OF ELEVATOR TRACK OUT OF SERVICE

AT MILLS  
BAD FOOTING AND TRACK MATERIAL ALONG BOTH  
SIDES OF TRACK AT MP 147.7

AT ARGON  
NORTH CROSSOVER SWITCH LINED AND SPIKED FOR MAIN TRACK

AT FLINT  
NORTH 700 FEET OF SIDING OUT OF SERVICE  
WHW

EACH EMPLOYEE ADDRESSED MUST HAVE A COPY OF THIS ORDER.

Made Complete Time

829

P.M.

MILLER

Opr.

June 4, 1983

Dear Mr. Darling:

Enclosed is a copy of Senator  
Roger Jepsen's reply to my  
letter in support of the  
Soo Line. I thought you  
might find this of interest.

Sincerely,  
John R. Stone

213 South Kentucky  
Mason City IA 50401

ROGER W. JEPSEN  
IOWA

COMMITTEES:  
AGRICULTURE  
JOINT ECONOMIC  
ARMED SERVICES

## United States Senate

WASHINGTON, D.C. 20510

May 26, 1983

Mr. John R. Stone  
213 S. Kentucky  
Mason City, Iowa 50401

Dear John:

Thank you for your correspondence in support of the Soo Line proposal to purchase the Rock Island track.

I will relay your comments to the Interstate Commerce Commission to be included in the record. I am confident that the I.C.C.'s decision will be the best choice for Iowa. I appreciate your interest in this matter.

Thanks again for writing.

Sincerely



Roger W. Jepsen  
United States Senate  
I O W A

RWJ/snm



4/3/82 C-S Stoffer

382 miles

Boat ramp crossing

Wilson Packing

Down Steel

Penke Ford

Natural Oats

1300 1400 cars

Beverly Yard on mainline

~~2000 cars~~  
Smaller yard south and east  
Downtown

Borne - Clinton

Locals out of Cedar Rapids

Freight Agents Assoc. of Cedar Rapids

MILW - IANOR to Cedar Rapids

GTW - ICC

ADM  
Cargill  
Quaker Oats

Soo Line Railroad Company



Soo Line Building  
Box 530  
Minneapolis, Minnesota 55440  
(612) 332-1261

June 3, 1983

Mr. Frank McCord, Manager  
Iowa Falls Chamber of Commerce  
708 Washington Avenue  
Iowa Falls, Iowa 50126

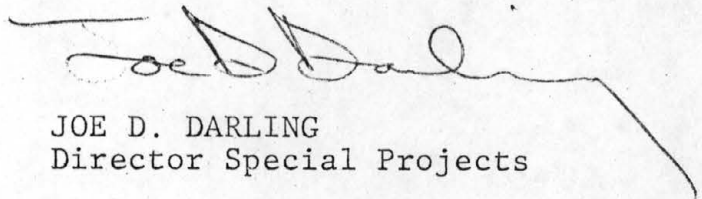
Dear Mr. McCord:

It was a pleasure to talk with you this morning.

I have enclosed a copy of my letter to Mr. Roger Swift and the excerpts from our application to the I.C.C. that outline our planned operations. As Mr. Swift had copied your City Manager, Ms. Terri Lea Schroeder, I do not believe he will mind my furnishing you a copy.

Thank you for your interest in the efforts of the Soo Line to acquire the Rock Island trackage.

Sincerely,



JOE D. DARLING  
Director Special Projects

JDD/jmz

cc: Mr. Roger L. Swift  
1006 First Avenue North  
Iowa Falls, Iowa 50126

6/3/83

Frank McCord, Manager

Chamber of Commerce

Iowa Falls, IA 50126

708 Washington Ave

6/3/83

Jim Stark



6/2/88 Dick Lane RT

Investment Cost

\$80,676,781

Depreciation reserve

\$43,996,250

Net Book Value

\$36,680,531

Most recent CNO offer  
720 miles / 760 miles

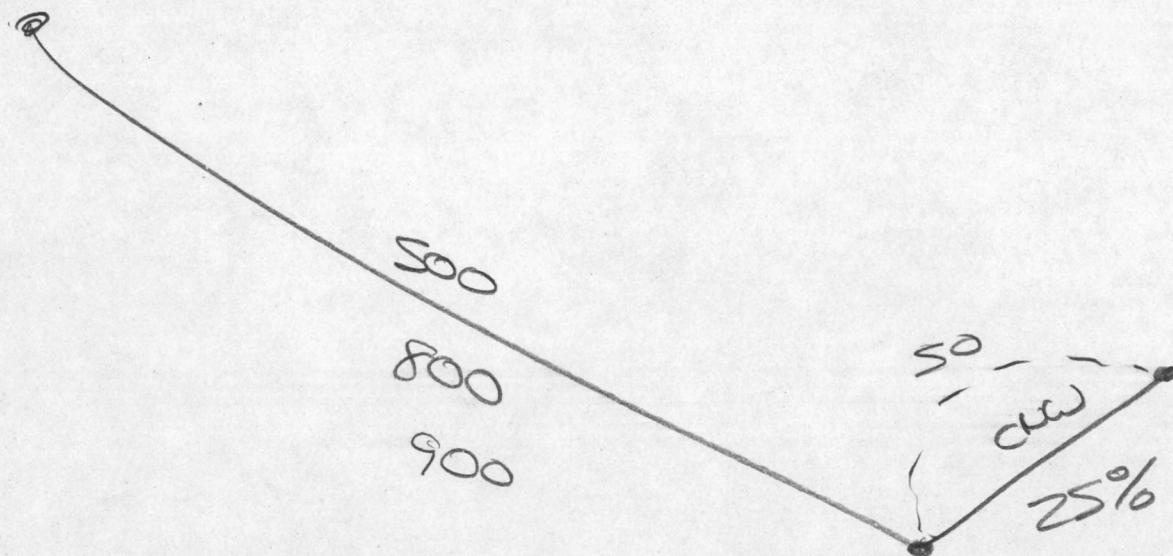
5/20/83 HSN

Sum of Ledger Values of items of  
we intend to acquire from ~~RT~~  
Trustee

Land, road property  
less cave out

Depreciation







# Soo Line Railroad Company



Soo Line Building  
Box 530  
Minneapolis, Minnesota 55440  
(612) 332-1261

June 2, 1983

Mr. Roger L. Swift  
1006 First Avenue North  
Iowa Falls, Iowa 50126

Dear Mr. Swift:

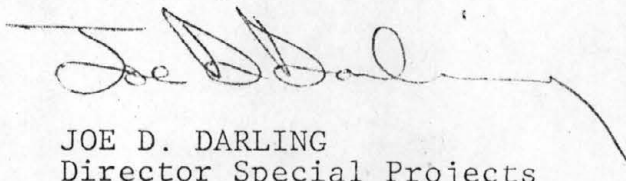
First, let me thank you for your letter of May 27, 1983 and your past support of the Soo Line's efforts to ~~acquire~~ the former ~~Rock Island~~ tracks.

I am afraid the time for additional formal support of the Soo Line has past. However, I have enclosed excerpts from the Soo Line's application to the I.C.C. that outline the role that the facilities in Iowa Falls would play if the Soo Line was to acquire the track. As Iowa Falls would be the junction of the main line and the principal branch lines to be acquired, it is apparent that Iowa Falls would be the focal point of our operations. While the Rock Island tracks to be acquired would be operated as part of the Soo Line Central Division headquartered at Minneapolis, Iowa Falls would be the supervisory center for the acquired tracks with an Assistant Division Superintendent located there.

I have had several opportunities to visit Iowa Falls in the last year, and it appears not only the logical center of operations, but an excellent place to live as well.

Thanks again for your support.

Sincerely,



JOE D. DARLING  
Director Special Projects

JDD/jmz

cc: Ms. Terri Lea Schroeder  
City Manager  
321 Stevens  
Iowa Falls, Iowa 50126

June 2, 1983

TO: T. M. Beckley  
D. M. Cavanaugh  
B. D. Olsen  
D. J. Boyer

FROM: J. D. Darling JDD/DA

RE: Rock Island Study

The attached from J. R. Stone, former Rock Island engineer.

JDD/jmz

Att. (1)

SOO LINE RAILROAD COMPANY

EXECUTIVE COMMITTEE

JUNE 27, 1983

The Executive Committee of the Board of Directors of the Soo Line Railroad Company convened in Room 803, Soo Line Building, Minneapolis, Minnesota, on June 27, 1983, at 10:30 a.m., pursuant to notice by telephone by the Secretary of the Company.

There were present Messrs. Beckley, Cavanaugh, Daniels, Diercks, Murray and Phillips. Miss Holmes, Secretary of the Company, and Byron D. Olsen, Vice President and General Counsel, were also present.

Mr. Beckley acted as Chairman of the meeting and the Secretary served as Secretary of the meeting.

The meeting was called to further discuss Soo acquisition of Rock Island lines between the Twin Cities and Kansas City.

The Chairman reviewed the history of Soo efforts to acquire the Rock Island trackage and the present status. A copy of the Chairman's report has been made a part of the Secretary's file for the meeting.

Following the Chairman's report, the Committee discussed certain provisions of a sale contract proposed by the Rock Island bankruptcy trustee. In particular, reservations of additional easement rights and a lack of limitation on further offers were of concern to management. The Committee also discussed the position to be taken at the bankruptcy court

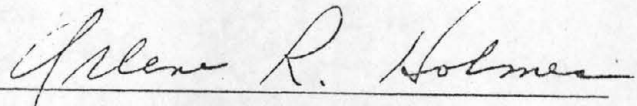


hearing set for June 29, 1983 and whether authority should be granted to increase the Company's offer for the Rock Island properties.

On motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, That in the event the bankruptcy court permits additional or increased offers to be made for the Rock Island trackage proposed to be acquired by the Company, that the Chairman be and is hereby authorized to increase the Company's offer as he deems appropriate in the circumstances to a total amount not to exceed \$110 million.

There being no further business to come before the meeting, the meeting was adjourned at 11:35 a.m.

  
Secretary

SOO LINE RAILROAD COMPANY

EXECUTIVE COMMITTEE

June 27, 1983

REPORT TO EXECUTIVE COMMITTEE

ON STATUS OF ROCK ISLAND ACQUISITION

The matter of acquiring the Rock Island line between the Twin Cities and Kansas City was first submitted to this Committee about a year ago on June 29, 1982. As reported to you at that time our interest in acquiring the line was prompted by three factors:

1. The acquisition of the MN&S by the Soo.
2. The apparent lack of interest of the C&NW in pursuing further the acquisition of the line.
3. The proposal of the Grand Trunk to acquire the Milwaukee which would have a substantial impact on the competitive relationship as to traffic originating in Canada.

The Soo generated substantial support among operators of country elevators in northwestern Iowa to take over the Rock Island grain gathering lines on the C&NW, and from the Iowa Department of Transportation which actively promoted Soo acquisition and indicated a willingness to support the Soo financially in various ways to carry out the acquisition and rehabilitation of the lines.

After completing studies on the financial feasibility of acquiring the lines, the Soo made an offer to the Rock Island trustee on September 14, 1982. The amount offered was \$52,000,000 which was intended to equal the offer of the C&NW which had been in the hands of the trustee for some time, but as to which the C&NW had been unable to obtain financing. In addition, the Soo offer included a proposal to pay up to \$15,000,000 additional in the event traffic over the first five years following acquisition attained certain traffic levels.

During November and December 1982, we exchanged preliminary views on the possibility of joint operations with the C&NW. The C&NW indicated an unwillingness to permit the Soo to gain access to the grain gathering lines, and on January 13, 1983, we indicated that we were unwilling to participate further in 401 negotiations with the C&NW.

In late January the North Western obtained bank financing up to \$80,000,000 to cover acquisition of the line and made an offer to the trustee to purchase the line for approximately \$76,000,000. The trustee and the C&NW executed an agreement at this price and the matter was set for approval before the bankruptcy court on March 15.

Pursuant to authorization from this Committee, on March 10 the Soo increased the property included in its bid to conform more closely to the C&NW proposal and increased its offer to \$81,000,000. At the hearing on March 15, the C&NW increased its bid to \$85,500,000 and the Soo was granted three days within which improve its bid. On March 18, the Soo made an



offer at the \$88,500,000 level in bankruptcy court and the C&NW responded on the spot with a \$93,000,000 offer. Because of the differences in the property included in the two offers, there was extended argument before the court as to which was the better offer. The trustee reported to the court that he regarded the offers as substantially equal, but he recommended the acceptance of the C&NW offer. The court followed this recommendation and gave preliminary approval to the C&NW agreement with the trustee.

Following court approval, the C&NW filed applications with the Interstate Commerce Commission seeking Commission approval of the purchase and of the financing to cover the purchase price. In order to make the offers of the Soo and C&NW more comparable, the Soo on April 26 supplemented its offer by \$11,500,000 to cover property which had been included in the C&NW proposal, but not in the Soo proposal, and certain small segments which were necessary to gain access to some of the lines which the C&NW had proposed to operate, but which the Soo did not propose to operate because they did not tie in with the Soo system.

Before the Commission, the Soo put its case on four principal basis:

1. The Soo offer is superior to the C&NW offer in terms of financial benefit to the bankrupt estate.
2. The C&NW financial position is precarious and the financing proposed by the C&NW represents an undue burden on its financial structure.

3. Acquisition by the Soo would further rail competition on these lines which would be beneficial both to the territory served and to the wider interests of the public served by railroads generally.

4. The acquisition of the lines by the C&NW would be very anti-competitive under the Sherman and other antitrust legislation.

In its presentation to the Interstate Commerce Commission, the Soo had the very important support of the Department of Justice which stressed the antitrust implications of the two competing proposals, and the official support of the Minnesota and Missouri Departments of Transportation, the North Dakota Public Service Commission, and the Iowa Department of Agriculture. While the Iowa Department of Transportation took no official position, its comments strongly supported the Soo as against C&NW. The Soo filed something over 250 verified statements from shippers and had the support of members of congress from the states of Minnesota, Missouri, and North Dakota.

The C&NW filed a large number of letters of support from various shippers and received strong support from certain major grain firms in the form of verified statements. It had very little support, however, from the operators of the elevators on the lines which were the subject of the competing proposals. The C&NW was unable to gain the support of any members of congress whose district was served by the spine line. It did, however, obtain solid support from the Illinois

congressional delegation and most of the Louisiana delegation.

The competitive aspects of the matter were covered by Robert L. Banks Associates on behalf of the C&NW and by Charles River Associates on behalf of the Soo.

The decision of the Commission concluded that both the C&NW and Soo proposals would result in benefits to the public and, accordingly, the Commission approved both applications and referred them to the bankruptcy court. In its decision, the Commission reviewed at some length the positions of C&NW and the Soo and attached as appendices financial and market analyses prepared by Commission staff members. Virtually all points raised by the parties were discussed in the opinion and the appendices. While we disagree with the conclusion and decision of the Commission, it would be difficult for us to overturn the decision as a matter of law and, indeed, time constraints are such that there is no practical way to review the Commission decision through normal administrative and legal appeal procedures.

Following receipt of the decision, we have had telephone conversations with the trustee who indicates that on the basis of his analysis, the Soo bid is approximately \$2.5 million superior to the C&NW. He has indicated that if the Soo offer is to be considered the Soo should execute in advance of the June 29 hearing date an agreement with substantially the same terms and conditions as are set forth in the C&NW agreement with the trustee. I have indicated to the trustee that I believe that the terms and conditions are quite



inappropriate as to the properties covered in the supplemental offer of the Soo since the Soo intends to market those properties and would have difficulty doing so if they are subject to all reservations, easements, and licenses currently outstanding and with a perpetual right on the part of the trustee to market certain types of easements in the future.

I discussed with Mr. Wolfe, president of the C&NW, over the phone the possibility of entering into an agreement for the joint use of the properties. He stated that he believed that negotiations for joint use would tie up the sale over an extended period of time, and that he wanted to close the purchase as soon as possible. He stated that considerable track work has to be done on the Rock Island tracks to upgrade them for through freight operation. He said that he would be willing to consider discussions with the Soo at some later time when the tracks are upgraded.

We met with representatives of the Milwaukee last Friday to inquire as to the possibility of gaining trackage rights between the Twin Cities and Kansas City, which were among the trackage rights we indicated a desire to obtain in connection with the proposed Milwaukee-Grand Trunk combination. Mr. Smith, president of the Milwaukee, indicated that he would prefer a favored interchange arrangement with appropriate revisions in divisions, but that he would be willing to consider some sort of trackage rights with operations to be conducted by Milwaukee personnel and the Soo cars integrated with the Milwaukee movements to Kansas City.

The sale of the Rock Island tracks will be reviewed in bankruptcy court on June 29. The Soo offer of \$88.5 million for the tracks which it proposed to operate plus \$11.5 million for other properties it intends to dispose of represents a high value on the trackage involved considering both the traffic potential and the amount of major rehabilitation which must be performed. In making this offer, the Soo was relying on representations made by the staff of the Iowa Department of Transportation that a fairly significant amount of state aid would be available to assist in rehabilitation work, and a contribution made to the purchase price of the east-west line segment through Des Moines. In addition, we are relying on having the physically disconnected branch between Royal and Palmer acquired by the shipper consortium which made an offer to the trustee to acquire the line but since has indicated a willingness to receive service from the C&NW.

It is my intention to negotiate with the trustee in the hope that we might achieve some relaxation of the easement requirements as to the property the Soo intends to resell. I intend also to impress upon him that the Soo has taken the leadership in raising its bids, and that fairness would suggest that an effort by the C&NW simply to match the bid should be rejected. At the same time, I recognize that we are approaching the limit of the amount that the Soo can agree to pay for the property in view of the extensive rehabilitation required, and that while some flexibility in my authority might be desirable, it would not be my intention to exercise that authority unless there were a real likelihood of acquiring the lines.