

1st MONDAY 3rd MONDAY

Prepared for employees by the
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August 6, 1979

Managers and Supervisors:

Be sure to read the recent "To All Concerned" message on the DOT studies. See that the people you work with are aware of what the studies say, and share the information with anyone who is interested in the Milwaukee Road. Please do the same with the special editions of FM/TM which you will receive shortly which will provide a more detailed analysis of the significance of the DOT studies to our reorganization process.

Fuel availability has improved. We have been able to restore much of the service that was reduced beginning in late June due to uncertainties about fuel supply. Our major suppliers still have us on an allocation basis, but we have been able to obtain some additional fuel from other sources. Most states have been very helpful. They have provided fuel from their set-aside programs and have put our purchasing people in contact with suppliers. Presently we have a 7-to-10 day reserve supply at most fueling locations. Our normal reserve is 15 days. But despite the improvement in supply, there is no guarantee that the fuel situation won't get tight again. So there can be no promises that service levels can be maintained.

With a continued high market demand for grain the railroads have been getting heavy criticism about the shortage of grain-carrying equipment. Although we do not have enough cars to handle current demands, and the car supply situation will probably worsen as the fall harvest approaches, we are doing everything we can to make efficient use of our equipment and to distribute it equitably among our grain customers.

The restoration of service, especially on branch lines, should help to ease car supply somewhat. Also, our grain fleet has been increased through the return to service of equipment repaired with 4R and shipper-assistance funds. We are urging elevator operators to load cars promptly to help us improve car utilization. We are also asking groups of shippers in the same area to load to one destination in order to avoid delays caused by having to switch cars at several terminals. A dock strike in Duluth-Superior is causing some problems. Although we acted quickly to embargo grain to the port, we still have several hundred cars in the area which we can't unload because of the strike.

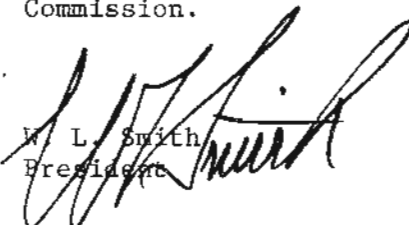
Shippers are helping us make more grain equipment available. Milwaukee Shops will soon begin to repair 100 40-foot boxcars. Individual shippers and shipper associations in South Dakota are providing \$200,000 in grants for this work. The repaired cars will be assigned to the participating shippers. Several grain shippers in Minnesota have expressed interest in funding a similar program. To date, 282 100-ton-capacity grain hoppers have been repaired under the Shipper Assistance Program. Shops forces are working on another 50 cars. These cars are virtually the last of our bad order hoppers.

We've had some very welcome news from the ICC. The Commission has proposed to expedite the handling of our abandonment application for the lines west of Miles City and is seeking public comment on an expedited hearing schedule. We plan to file the formal application for abandonment by August 8. The ICC's proposed timetable calls for an administratively final decision by January 10, 1980. The abandonment application will cover some 2,497 route miles.

The ICC has granted us temporary authority to route our through Chicago-Louisville trains over Conrail between Hammond and Terre Haute. Work is now in progress on the construction of several track connections and on improving the clearance at two bridges on the Conrail line. Operation over Conrail now is targeted to begin late this month.

Several questions have been raised about the decision to add some 500 seasonal employees to the maintenance-of-track force (see the July 2 issue of FM/TM). These increases are fully consistent with budget information we presented to the court during the embargo hearing. The budget showed what we would have to spend to maintain the entire railroad for the balance of the year. The increase in the track force would not have been necessary had the court approved the embargo. But it didn't. We were ordered to operate the full 9,800-mile system. To do this we have scheduled track work where necessary on lines both within and outside of the "core" system. Until such time as we can concentrate available resources on a smaller system, we shall continue to operate and maintain the full system to the best of our ability. But as I have noted previously, our ability to sustain any level of maintenance depends entirely on our cash position.

A petition has gone to the ICC requesting the confirmation of Mr. Ogilvie as Trustee. Mr. Hillman remains Trustee until Mr. Ogilvie is confirmed by the Commission.


W. L. Smith
President

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