

1st MONDAY 3rd MONDAY

Prepared for employees by the
Milwaukee Road's Corporate Relations Department
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March 21, 1983

To All Milwaukee Road Employees:

During the past year, a group of our people have been working to upgrade our "field reporting" system to the level that many other railroads are using today. This became necessary because the existing IBM Systems are currently working at full capacity with no room for further functions. An even greater problem exists in the mechanical condition of the hardware, where an increasing and alarming failure rate is in evidence. Also, our present reporting procedures are restricted. As a result, an improperly trained operator can enter data without being aware that a problem exists. The Error Correction Bureau is kept busy correcting these errors.

We are currently in the process of installing our first new "TRW" mini-computer in Bensenville, which will replace the existing IBM System/3 and the backup IBM 3775. The new mini-computer, which is cardless, will support Bensenville proper and some designated satellite stations. The satellite stations will have CRT's (TV tubes with keyboards) and printers, which will be hooked to the mini-computer. The mini-computer will in turn be communicating with the larger computer in Union Station. It is contemplated that there will be four of these mini-computers, with satellite CRT's and printers, on the railroad, replacing all of the existing IBM hardware.

The new computers will allow us to do many of the items that we cannot do with our current equipment, and they have room for expansion into other areas of the company. These other areas will be addressed after all of the new computers are installed. The expected completion date for the total replacement of the existing equipment is late December, 1983.

To complement the new computers and the devices that they support will be some new capabilities in the Communications department. This will consist of a communications network Diagnostic Control System, which will be put into operation in conjunction with the TRW/Fujitsu distributed data processing system.

The diagnostics system provides centralized communications monitoring and control for the TRW data network. The system will consist of a microprocessor controller with a CRT terminal located in the Chicago Communications Control Center. It will perform continuous monitoring functions of the communications circuits while the network is in operation. When a problem develops on any portion of the communication links, an alarm will appear in the communications control center, alerting the wire chief to an impending malfunction. The wire chief will then be able to conduct sophisticated diagnostic tests on the circuit to determine the cause, location and type of problem. In most cases, these tests

will be conducted without interfering with the operation of the rest of the circuit. When the problem has been located and diagnosed, he will then coordinate the restoration of service with the Bell telephone system or appropriate Milwaukee Road electronic personnel. This system was designed by and will be installed and operated under the direction of Mal McKay, our Communications Engineer.

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In July, 1982, the Milwaukee Road intervened in a proceeding before the Interstate Commerce Commission entitled "Bartlett & Company Grain and Union Pacific Railroad Company - Petition for Declaratory Order." The issue in this proceeding was whether the Union Pacific, performing as a switch carrier, had violated Mileage Tariff PHJ 6007-G, Item 605-D, by its refusal to switch private cars loaded by Bartlett for movement over other line haul carriers. Mileage Tariff PHJ 6007-G, Item 605-D, permits a shipper to use private cars in line haul transportation once authorized to do so by the first line haul carrier. The Milwaukee Road intervened in behalf of Bartlett & Company, Grain.

On March 7, 1983, Administrative Law Judge Nolan Bilodeau issued a decision in favor of Bartlett. While ALJ Bilodeau held that the Mileage Tariff was not applicable to the issues in the proceeding, he did find that Union Pacific violated its own switching tariff by not honoring the involved switching requests of Bartlett. In language favorable to the Milwaukee's position, ALJ Bilodeau confirmed Commission precedent establishing a switching road as the agent of a line haul carrier for the purpose of completing delivery or originating traffic. The decision specifically provides that so long as a line haul carrier is willing to accept private cars in line haul service; Union Pacific as a switch carrier is in no position to refuse them since Union Pacific is acting as an agent for the line haul carrier. This is consistent with the Milwaukee's interpretation of the Mileage Tariff.

The ALJ concluded that Union Pacific violated Section 10761 of the Interstate Commerce Act by refusing to comply with its switching tariff, and contravened Sections 11101 and 10101a of the Act by engaging in an unreasonable practice as well as failing to provide adequate service in light of the National Rail Policy. Union Pacific has until March 27, 1983 to appeal the ALJ's decision.

We were represented in the proceeding by Ellen Kirschenbaum of our Law department.

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We have taken delivery of the 210 4,000 cubic foot 100-ton coal cars that we are leasing for a five-year term. On March 8, we received the last of the cars at Louisville.

This represents the first acquisition of 100-ton coal equipment by the Milwaukee Road and will satisfy contracts negotiated by our Marketing department. The equipment will be used in unit-train coal service from mines in Indiana to port loading facilities on Lake Michigan. When the lake ports are closed, the cars will provide single car and multiple car shipments to coal-burning facilities located in the midwest.

The cars are numbered MILW 120000 through 120209, and have 200,000 pounds nominal capacity with 60,700 average light weight. They are three hopper bottom dump cars equipped with rotary couplers. Rotary couplers assure the use of the cars in any type of service.

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The U. S. Savings Bonds Division of the Treasury Department reminds us that it's time to "Spring into Savings Bonds." They point out that as things green begin to grow, participants can get their green to grow by joining the Payroll Savings Plan. Many of our employees have joined the plan, setting aside a portion of their paychecks to buy bonds. By doing so, they pay themselves and their families first.

While Savings Bonds are perfect for all seasons, they're particularly fitting in the Spring, a time of rebirth and growth. Soon you will have an opportunity to sign up or increase your allotment to the Payroll Savings Plan. Deduction forms will be sent to your home next month with your copy of First Monday/Third Monday.

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"Sufficient competition already exists in coal transportation" without coal slurry pipelines, William H. Dempsey, president of the Association of American Railroads said last week, labeling "illogical" assertions by coal slurry proponents that reduced regulation of rail coal rates means that new competition is needed.

Dempsey told the Senate Energy and Natural Resources Committee, which is considering a measure to grant federal eminent domain powers to builders of coal slurry pipelines, that railroads "are under constant competitive pressure from barges and trucks and mine-mouth generation alternatives."

He also points out that railroad coal rates over the past decade have increased far less than has the price of coal at the mine mouth.

It is obvious, Dempsey said, that rather than provide competition, coal slurry pipelines "would simply seek to skim away the most profitable coal traffic, leaving railroads, as true common carriers, to serve those not considered desirable by pipelines."

Dempsey noted that contrary to recent assertions of slurry advocates that passage of eminent domain legislation would result in the creation of 500,000 jobs, "the very methodology cited by slurry advocates -- when properly applied -- demonstrates that the real effect of operating coal slurry pipelines would be a net loss of 71,000 jobs annually.

Congress is considering two bills: in the Senate it's S-267, the House bill is HR 1010. You may want to let your congressmen know your feelings about them. We don't need federal legislation of this type.



W. L. Smith
President