

RECONSTRUCTION FINANCE CORPORATION
RAILROAD DIVISION
FILE CO-5

CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC RAILROAD - CHICAGO & NORTH WESTERN RAILWAY

Suggested rerouting of CMStP&P Freight Traffic
 between certain territories in Iowa,
 Minnesota, Nebraska, and South Dakota and the
 Twin Cities and Head of the Lakes, partially
 via C&NW or CStPM&O.

Chicago, May 3, 1938

OBJECTIVE:

Reduction in loaded and empty car miles.

MAPS OF PRESENT AND PROPOSED ROUTES AND STATEMENTS SHOWING MOVEMENT IN DETAIL, are attached as Numbers 1, 2 and 3 and Appendices "A", "B" and "C".

PRESENT ARRANGEMENT:

CMStP&P freight traffic between the Twin Cities and the Head of the Lakes and the territories shown below now moves via the following routes:

<u>Originating or Terminating Territory</u>	<u>Via</u>	<u>Map Number</u>
Everly, Ia., to Rapid City, S. D., both inclusive, and branch lines west of Sioux City, Ia.	Mason City, Ia.	1
Sioux City, Ia., and Omaha, Neb., to Elwell, Ia., including branches Herndon, Ia., to Des Moines, Ia., and Clive, Ia., to Boone, Ia.	Green Island, Ia.	2
Jackson, Minn., to Wentworth, S. D., inclusive.	Wells and Mankato, Minn.	3
Roswell, S. D., to Wessington Springs, S. D.	Aberdeen, S. D.	3
Madison, S. D., to Bryant, S. D., inclusive.	Bristol, S. D.	3
Woonsocket, S. D., to Bonilla, S. D., inclusive.	Aberdeen, S. D.	3

Between Omaha, Neb., Council Bluffs, Ia., and Sioux City, Ia., and points west thereof traffic now routes via Manilla, Ia. (Map Number 2).

PROPOSED ARRANGEMENT:

Route CMStP&P traffic between Twin Cities and the Head of Lakes area, and the territories indicated, as follows:

<u>Originating or Terminating Territory</u>	<u>Via</u>
Everly, Ia., to Rapid City, S. D. and branch lines west of Sioux City.	CStPM&O between Mankato, Minn., and Sheldon, Ia.
Council Bluffs, Ia., to Elwell, Ia; branches to Des Moines, Ia., and Boone, Ia.; and Sioux City, Ia., to Manilla, Ia.	CStPM&O between Mankato, Minn., and Sioux City, Ia.
Jackson, Minn., to Wessington Springs, S. D., Madison, S. D., to Bryant, S. D., and Woonsocket, S. D., to Bonilla, S. D.	CStPM&O between Mankato, Minn., and Miloma, Minn.

Route CMStP&P traffic between Omaha-Council Bluffs and Sioux City and points west thereof via C&NW, direct, between Omaha and Sioux City.

ESTIMATED SAVINGS:

At our request the Accounting Department of CMStP&P compiled, for the months of January, April, July and October, 1937, the number of loaded cars - revenue and non-revenue - moved between the Twin Cities and Head of the Lakes and each individual station in the territories where we suggest rerouting.

These data are shown in detail in Appendices "A", "B" and "C" attached, as are also our computations of loaded car miles actually made via present routes and which would have been made via our suggested routes.

In Appendix "D" (which summarizes Appendices "A", "B" and "C") are computed the actual loaded car miles for the test period and those which would have been made via the proposed shortened through routes. The attendant empty car haul attaching to the loaded movement has also been computed on basis of the ratios obtaining on the CMStP&P Operating Divisions involved for the year 1937 (CMStP&P Form AD 208).

The 123-day test period car miles (loaded and empty) have been expanded to an annual basis on the assumption that they represent the movement of 123/365ths of the year 1937.

The proposed rerouting would have reduced car haul of CMStP&P, per year:

Loaded car miles -	3,551,012
Empty car miles -	2,232,669
Total	<u>5,783,681</u>

and would have routed additionally over C&NW and CStPM&O rails:

Loaded car miles -	2,115,978
Empty car miles -	1,291,805
Total	<u>3,407,783</u>

The net saving would have been:

Loaded car miles -	1,435,034
Empty car miles -	940,864
Total	<u>2,375,898</u>

The reduction in costs on CMStP&P rails computed separately on basis of individual Operating Division averages for the year 1937 (computed from Form AD 208) is estimated on two bases:

- (1) All Maintenance of Equipment and Transportation Expenses allocated or assigned to Freight Service:
- (2) All Maintenance of Equipment Expenses allocated or assigned to Freight Service and Transportation Expenses for "Engine Service", "Train Service" and "Yard Service", so allocated or assigned.

Division	All Expenses Allocated or Assigned to Freight Service			Loaded and Empty Car Miles (000) (Form AD 208)	Average Expense Per 1,000 Car Miles
	M. of E.	Trans- portation	Total		
Iowa & Dakota	\$ 761,233	\$1,764,183	\$2,525,416	32,091	\$78.69
Iowa & So. Minn.	487,116	1,224,626	1,711,742	18,131	94.40
Iowa	1,493,932	2,720,165	4,214,097	76,607	55.01
Dubuque & Illinois	1,565,749	2,399,616	3,965,365	77,429	51.21
LaCrosse & River	1,723,520	2,512,730	4,236,250	90,804	46.65
Hastings & Dakota	954,830	1,587,502	2,542,332	47,531	53.49

Division	Annual Reduction in Loaded and Empty Car Miles (000) Appendix "D"	Freight Expenses Per 1,000 Car Miles - Above	Estimated Annual Reduction
Iowa & Dakota	1,709	\$78.69	\$134,481
Iowa & So. Minn.	319	94.40	30,114
Iowa	1,563	55.01	85,980
Dubuque & Illinois	977	51.21	50,032
LaCrosse & River	762	46.65	35,547
Hastings & Dakota	452	53.49	24,177
Total			<u>\$360,241</u>

Our compilation, from wheel reports, of CMStP&P's through movement between Omaha-Council Bluffs and Sioux City showed car mileage for the year 1937 as follows:

	Loaded	Empty	Total Car Miles
Northward	1,462,920	426,000	1,888,920
Southward	594,000	1,138,800	1,732,800
Total car miles			<u>3,621,720</u>

CMStP&P's mileage (see Appendix "B") is 150 and C&NW's is 98. Total car miles of the above movement via C&NW direct would have been 2,366,210, a reduction of 1,255,410.

CMStP&P's Freight Service Expenses (as above) in 1937 on its Iowa Division (over which its Omaha-Sioux City traffic moves) were, as previously shown, \$55.01 per 1,000 car miles. On this basis the 3,621,720 car miles hauled between Omaha-Council Bluffs and Sioux City in 1937 entailed a cost of \$199,246.

Division	All M. of E. Expenses and All Engine, Train and Yard Expenses - Allocated or Assigned to Freight Service			Loaded and Empty Car Miles (000) (Form AD 208)	Average Expense Per 1,000 Car Miles
	M. of E.	Eng. Tr. & Yd.	Total		
Iowa & Dakota	\$ 761,233	\$1,215,807	\$1,977,040	32,091	\$61.60
Iowa & So. Minn.	487,116	799,389	1,286,505	18,131	70.95
Iowa	1,493,932	1,896,919	3,390,851	76,607	44.26
Dubuque & Illinois	1,565,749	1,790,713	3,356,462	77,429	43.35
LaCrosse & River	1,723,520	1,865,083	3,588,603	90,804	39.52
Hastings & Dakota	954,830	1,172,190	2,127,020	47,531	44.75

Division	Annual Reduction in Loaded and Empty Car Miles (000) Appendix "D"	Freight Expenses Per 1,000 Car Miles - Above	Estimated Annual Reduction
Iowa & Dakota	1,709	\$61.60	\$105,274
Iowa & So. Minn.	319	70.95	22,630
Iowa	1,563	44.26	69,178
Dubuque & Illinois	977	43.35	42,353
LaCrosse & River	762	39.52	30,114
Hastings & Dakota	452	44.75	20,227
Total			<u>\$289,776</u>

On the above basis of Iowa Division Expense, the 3,621,720 car miles hauled by CMStP&P in 1937 between Omaha-Council Bluffs and Sioux City cost \$160,297.

The net reduction in car miles if the whole plan suggested herein were adopted would be:

Between Omaha and Sioux City:		Net
present - all CMStP&P	3,621,720	
proposed - all C&NW	<u>2,366,190</u>	1,255,530
All other Re-routing:		
Reduction on CMStP&P	5,783,681	
Additional on C&NW and CStPM&O	<u>3,407,783</u>	2,375,898
Total net reduction		<u>3,631,428</u>

Summed up, on the basis of our cost estimates, CMStP&P expenses would be reduced:

Basis Number 1

Omaha-Sioux City Traffic	\$199,246
All other proposed rerouting	360,241
Total -	<u>\$559,487</u>

Basis Number 2

Omaha-Sioux City Traffic	\$160,297
All other proposed rerouting	289,776
Total	<u>\$450,073</u>

We do not suggest how the C&NW and CStPM&O should be compensated for the haul of 2,366,190 car miles between Omaha and Sioux City or the 3,407,783 car miles (Appendix "D") they would haul for CMStP&P elsewhere if the rerouting plan were adopted. Various bases suggest themselves - as car miles or gross ton miles, or it might be desired, between Omaha and Sioux City, to furnish CMStP&P trackage rights for its own trains.

It is true that the present freight train service of CMStP&P, on the lines involved in this study would, in part at least, require to be operated in the handling of traffic other than that which we suggest should be rerouted, and to that extent the full reduction which we have estimated would not be realized. On the other hand, it might prove practicable under the rerouting plan to substitute, in some instances, tri-weekly or irregular service for daily service now operated. Also, when business volume increases, the shortened haul of the traffic, which it is suggested should be rerouted, might well obviate to some extent, on the heavier traffic lines, the running of train miles in addition to those currently operated.

Even handling the 1937 volume, traffic diverted from one division of CMStP&P to another, under this plan, might well be absorbed in the existing train mileage on the division to which diverted. This is probably true also of traffic which would be diverted to C&NW or CStPM&O rails. If the suggested plan were made effective, 3,631,428 car miles could be saved annually, and if (which seems quite improbable) existing train mileage could not be reduced there would still be savings in locomotive fuel, car repairs, per diem and private line car mileage. We have been unable, without a very extended study which we have not undertaken, to compute the savings in per diem and private line car mileage. The cost of car repairs is included in our cost reduction figures.

Our cost reduction estimates include all Maintenance of Equipment expenses and might be refined to include only Freight Train Car repairs, and the cost of repairing the Locomotives actually operated in the territories included in our study; also the cost for Train, Engine and Yard service which we have used are the entire division average figures, and might be refined by detailed study to include only the segments of the various divisions involved in our rerouting suggestions. Such refinement of our cost figures, it seems to us, could be readily made by the management of CMStP&P. Even with such modifications, there would still be substantial annual savings obtainable.

The fact remains that 3,631,428 car miles could be saved annually and that the haul between some of the larger terminals shortened materially if our rerouting plan were adopted, examples being:

<u>Between</u>	<u>Miles</u>
Twin Cities-Head of Lakes and Sioux City	370
Twin Cities-Head of Lakes and Omaha	243
Sioux City and Omaha	52

We analyzed the movement between CMStP&P's Iowa Division east of Templeton, Iowa, and its Kansas City Division on the one hand and Twin Cities and the Head of the Lakes on the other, and found that by rerouting via Elberon, Iowa, C&NW, Mason City and the Iowa & Southern Minnesota Division of CMStP&P instead of the present route via Green Island (see Map 2) a substantial car

mileage reduction was possible. However, the much higher unit costs of the I&SM Division off-set the shorter haul and apparently make expense reduction impracticable.

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