

WILLIAM F. PLATTENBERGER'S SPEECH BEFORE  
THE MILWAUKEE ROAD HISTORICAL ASSOCIATION  
JUNE 23, 2007

Thank you,

It's always a pleasure to meet with my friends in the Milwaukee Road Historical Association, and I'm honored to be the speaker for your annual dinner meeting this Evening.

I reminded Bob Storozuk that I had been the after dinner speaker during the MRHA convention in Rockford in 1993, and he said he was aware of that but hoped I would have something new to offer. Sooooo, I am wondering how many of you attended the Rockford convention and do you remember what I said at that time?

I was born in 1923 and raised in a railroad town where 80% of the working forces were railroad employees either on the Milwaukee or the CB&Q - this included my father and older sister, our neighbors and fathers of most of my friends. If you stayed in Savanna it was safe to assume that you would some day work for the railroad unless you decided to enter one of the trades.

When I graduated from high school in 1941, my parents gave me a Hamilton Railroad watch and my father and I took a train ride to Puyallup, Washington to visit my grand father – the book I took along was the Consolidated Code of Operating Rules so that when I returned to Savanna a week later I was ready to apply for a job as switchman.

I am not an avid reader nor railroad historian, but while I was wrestling with a theme for tonight, and remembering what Bob had said about hoping I had something new to offer, Paul Cruikshank, retired VPO was going through his files and he happened upon three documents and had suggested they might be something I would enjoy reading – one was an interview with William J.

Quinn, retired Chairman of the Board, and another with Worthington L. Smith; both recorded in 2002 and are a part of the John W. Barriger III National Railroad Library at the University of Missouri in St Louis. The third document is a copy of speech. Richard Ogilvie, Milwaukee's Trustee in Bankruptcy, had given before the Western Railway Club in 1984; which of course predates the actual sale of the Milwaukee to the Soo in 1985.

I found those documents extremely interesting and wanted to share some of their thoughts with you.

I do not mean to slight people like Mr. Crippen who spent his entire working career on the Milwaukee and worked his way up from the engineering department to President but I did not have any of Mr. Crippen's personal papers to refer to.

The railroad has been my life. Railroads in general are made up of a lot of people who are given certain tools to work with to produce a transportation package that provides a service to our customers. What I am trying to say is, it is all about people; no matter what your task, whether it is a corporate attorney, finance and accounting, engineering, a diesel mechanic or the office boy they are equally importance to the task

We had some great employees on the Milwaukee and the people are what I remember first and foremost as I look back on my 44 years of service.

If you want to be critical of how those responsibilities were used over the years, and the decisions that were made, I am sure you can find plenty support for your position, but I would remind you that what may now appear to have been foolish or dumb decisions were based on information that was available at the time, not what we know today.

The much-debated building of the west coast extension completed in 1909 is but one example – some would argue such an undertaking was futile given the GN and NP railroads dominance through the western region. I understand Mr. Smith’s remarks to support that position.

Mr. Quinn saw it as the answer to GN and NP acquiring control of the CB&Q about the turn of the century. The Milwaukee that had been the dominant carrier between Chicago and the Twin Cities for 50 years was no longer competing on a level playing field. Now, all their business from the west was given to the CB&Q.

I doubt anyone had anticipated the opening of the Panama Canal to commercial shipping 5 years after the completion of the extension, which reportedly cost the Milwaukee millions of dollars annually. They filed for bankruptcy in 1925 and reorganized two years later with the same size railroad – only the debt was restructured.

A year or two later the great depression set in and in 1935 they again filed for bankruptcy and did not emerge until 1945 – again with the same size plant.

Karl Zimmermann in his book, “The Milwaukee Road Under Wire” states, the Pacific Extension was largely to blame for the financial failure in 1925, since it cost \$256,968,126, (including \$22,990,254 for electrification), rather than the \$60,000,000 estimated.”

The electrification has also been a much-debated subject. But Mr. Zimmermann goes on to say, “The electrification itself, on the other hand was a stalwart savings within the first eight years not only it’s original cost but also \$12,400,000 in addition.”

The Milwaukee never had enough money to close the gap, and while that did not figure heavily during the days of the steam engine, where the engines were changed off about every hundred miles but the advent of the diesel engine, that could go all the way from Chicago to Tacoma did change the economics and played a major role in the decision to phase out the electric operation 1973.

When the decision had to be made Mr. Smith invited Electrification and Mechanical department people to thrash things out and said, “and a decision was made, not unilaterally by me, but I’ll say reluctant consensus, that the electrification didn’t make sense for a number of economics reasons. So, I’m sure it wined up being one of the more difficult decisions that all Milwaukee people had to make”.

As I set at the computer working on this presentation, I see a picture on the wall of Bing Torpin, Assistant General Manager of Lines West, and me standing in front of the Missoula station as we made the final run “under wire” on the western extension.

And I recall going to Deer Lodge to meet with employees, that had been maintaining the electric locomotives, to discuss employment options – few were interested in leaving Lines West. After having lived in Deer Lodge for 5 years and a couple years in Seattle I understood completely.

Mr. Kiley was president when the UP approached the Milwaukee to take over the City Trains that had been operated by the C&NW between Omaha and Chicago – Mr. Quinn was Vice President Chief Council at the time and remembers the C&NW asking for an injunction to stop the move to the Milwaukee but Mr. Quinn prevailed in court and the judge denied the injunction. I do not know what it cost the Milwaukee to take on the City Trains but Mr. Quinn remembers the UP’s efforts to work with the Milwaukee to also route freight and perishable shipments via the Milwaukee

through the Omaha Gateway. When asked how successful that was his reply was, “well they attempted to be cooperative - - - - - and we made an effort but it was never, never very successful.” As I recall the Milwaukee received one train of perishable and that was about it.

For years lines East and lines West was like two different railroads – The work agreements were not the same, even though they were represented by the same unions but with different General Chairmen. The management team was also different and for many years they never crossed the “Iron Curtain”. I believe it was president John Kiley that said, “Mr. Vice President, tear down that wall” (maybe President Regan said something like that) and they started transferring officers from Lines West to Lines East and vice a versa. Incidentally this was not the same John Kiley that has written many interesting articles for MRHA publication.

I was transferred From Beloit to Seattle in 1960 and because of the distance involved we were told to move via baggage car rather than an regular household mover. We loaded a baggage car at Beloit, including our automobile and I alerted everyone along the way to be sure it was handled with care and not set out some place along the line. We had heard some wild stories about moving by baggage or freight cars such as the one that loaded their auto in one end and furniture in the other – the car came loose and every time the slack ran in the car rolled into the furniture – you can imagine what the furniture looked like after a few hundred miles of that treatment; or the one that loaded the chairs on top of the mattress and at destination the chair legs had worked they way clear through the mattress.

My wife and I and three young boys were on the train one day ahead of the furniture and it was lined up to have a mover on hand at Seattle when the train arrived. We got to Seattle on Monday morning and the two older boys started school the next day.

Things went as planned until the train arrived in Seattle Union Station Tuesday morning and the car men forgot to cut the baggage car off and let it go through to Tacoma. By the time we got the moving company to Tacoma and back to Seattle with the furniture it was around 4 PM when they got unloaded, and I left that same night for a meeting in Bellingham and Sumas. Not what you would call a good start in our new home.

My territory was from Tacoma to Seattle and Bellingham and Seattle east to Othello. I was gone a lot but we had great neighbors and we lived on a street that was only one block long and dead ended at the park. Shirley would pin a note on John, who was about 3, saying what time to send him home up the hill he would go.

Dan Evans, whose parents lived on our block, was a State Senator and was elected Governor the year we were transferred back to Chicago. We were invited to the Governor's inaugural ball and I tried to convince my boss in Chicago that it would be smart politics for the Milwaukee to pay our way back to Olympia and maintain an open door to the Governor's office, but they did not see it that way. I still think it was rather short sighted. Dan later went on to become a United States Senator.

Seattle was a tough job with the Up, NP, GN and Milwaukee all crowded in a small area along the waterfront and we were continually fighting for position. It got so heated at times that the Superintendents decided the Assistants should meet once a month to discuss their problems and Bob Shober, the GN Superintendent sat in on the meetings to keep us from killing each other.

For years we ran a Hyak ski special every weekend, which the Asst Supt was expected to ride, but that was cancelled the year I got, thank God. I had had my taste of special trains when in Milwaukee and Beloit. – In Milwaukee it was the baseball specials

with passengers crawling between and under the cars, especially after the game when they had had too much beer and in Beloit it was riding the football specials to Madison and the Iron Mountain ski special out of Rockford each year.

Mr. Quinn recalls the Milwaukee's development of the Flexi Van concept in cooperation with the NYC RR, which was a big improvement over the early trailer on flatcar concept and prompted the chartering of MMT as a subsidiary company.

The decision to lower the tunnel floors all the way from Tunnel City west in 1961 to accommodate the new tri level auto traffic was undertaken to return the automobile traffic to the railroads. This was reported in some detail in MRHA third quarter of 2004.

Reportedly, in 1962 TOFC traffic increased by 36% and auto shipments by 147% over the previous year. In 1969 the Milwaukee built a new auto handling facility at Kent, Wash. acquiring most of the auto traffic formerly moved via the GN to the Northwest.

With new specialized freight cars came increased care hire costs. In early 1960 with the computer age upon us the Milwaukee developed a system that provided an "up to the minute" location of all cars in transit as a Marketing and Transportation Department tool, and provide important information to our shippers. It was called Carscope. The information included arrival and departure at yards and terminals; but not within the terminal, and it was known that a large percentage of car delays occurred in the terminals.

In 1963 Mr. Quinn authorized a committee of about 30 officers and supervisors to further address the escalating car hire costs. Those selected for the committee were from Marketing, Mechanical, Transportation and Operating Departments and The Milwaukee Motor Transport. The positions vacated were filled with title of

“Acting” to assure those selected that they had a job to return to at the conclusion of the project.

When my family and I, returning from vacation, got off the train in Deer Lodge to pick up our car and drive to Seattle I had a message on the windshield to call Superintendent McKegney. Mack said I was to leave Seattle the following morning on the City of Portland and report to the General Manager’s office for a special committee. I asked how long I would be gone so I would know how many clothes to pack and he said, “take them all, you are not coming back”. My wife cried all the way to Seattle, but Vince Anderson later agreed I could stay home until Monday morning.

The committee, reported to Gay Kellow, Assistant to the President. We were not the most popular kids in town as we circulated about studying car handling procedures which included all aspects from classification of equipment, fulfillment of car orders, switching and humping schedules, blocking etc – each little sub committee assigned to study a specific part of the problem.

Out of that effort came the “Pickle System” to track every car movement from arrival in terminal to departure – a system that supported and enhanced Carscope; also a new car classification system using punch cards that described in detail the condition of all empty cars other than tank cars. Every car received or released as an empty was classified on a punch card and information furnished the car distributor to assist him in applying the proper car to shipper’s orders. If a car was not ordered for loading it was to be released to the Transportation Department. The practice of holding empties for prospective orders was discontinued.

Training of the new procedures became a big part of our assignment.

The initial reaction was one of guarded skepticism and resentment from some of the Vice Presidents' on down but they were well aware of President Quinn's backing and the improved efficiencies produced the most favorable car hire costs experienced in years.

Mr. Quinn recalls initiating a merger study with the C&NW in 1965 prior to his leaving to become president of the CB&Q. I was appointed Superintendent of the Rocky Mountain Division in 1965 and my first week there I was to accompany Jim Hayes, Assistant to President Quinn, and some CNW officials over our line from Miles City to Avery. Good thing Jim Hayes had been Superintendent of that division and knew his way around, because I sure did not.

It seemed to me as though every comment by the C&NW was prefaced by – "When we take over"

We stayed in Bozeman that first night and I remember the head CNW official was appalled the hotel did not have a bellboy to carry his bags. I thought to myself, I hope I never have to work for that guy. After several years of effort the CNW merger fell through also!

Mr. Quinn left the Milwaukee to serve as President of the CB&Q but later returned to the Milwaukee as Chairman of the Board and was responsible for talking Mr. Smith into leaving the BN and accepting the Presidents job on the Milwaukee, replacing the retiring Curt Crippen.

I was Superintendent at St Paul at the time and Mr. Smith commuted between his home in St Paul and Chicago for a few weeks. He stopped in to my office one Friday afternoon to introduce himself. . In our course of conversation he commented about our poor relationship with the Mayor of St. Paul. I explained the Mayor lived next to our switching yards at the Ford Plant and

continually complained about the noise. He often authored articles about us in the St Paul paper.

Mr. Smith asked if I could arrange a meeting with the Mayor and when he returned the next Friday we would let him see we were really nice fellows, and wanted to be good neighbors. One of our yard clerks had some connections and arranged for the meeting.

The meeting went fine and ended with Worth asking the Mayor to call me anytime he had a problem and I would take care of it.

I was at an awards banquet Saturday night and Roy Johnson, the Division Engineer, got me off to one side and told me while Mr. Smith and I were making peace with the mayor, the section men decided to cut some brush on the Ford Line. They ended up cutting down six Russian Olive trees on private property. When the lady come home and saw what had happened she immediately called the Mayor.

Sunday's paper had a big picture of the Mayor consoling the lady in her back yard with all the gory details. Monday morning the first call I got was from the Mayor. I did my best to quiet him and my next call was to our claim adjuster asking him to contact the lady and do what ever it took to satisfy her. My next call was worse yet – it was to Mr. Smith to tell him what had happened. To this day if we were talking I am sure he would remind me of the incident. Once it blew over we have had many good laughs about it.

Mr. Smith recalls the Milwaukee as being the 7<sup>th</sup> largest railroad in the US but 15<sup>th</sup> in revenue generated; that struck him as the definition of a problem. Negotiations with the CNW had failed and BN was not interested in the Milwaukee. He also mentions his jar of tie dater nails from our main line ties dating from the early

1920's, another indicator of deferred maintenance to deal with. He now uses the jar of nails as bookends.

Mr. Smith's concerns about the Milwaukee's ability to provide "a competitive service with spiraling costs and dwindling revenues" commissioned a study aimed at finding the strengths and the weakness of the markets and the rail plant. This ended in a document called the Kellow Study. Mr. Smith said, "the conclusion reached was that the cost associated with maintaining the line west of the Twin Cities, compared with revenues generated simply overwhelmed the balance sheet and the whole company.

The study also identified some good parts of the System such as the Louisville gateway and between Chicago and the Twin Cities and generally the upper Midwest - An area that had been very profitable throughout the 1800's.

Some top management agreed with the study conclusions but others did not and when the findings were presented to the board of directors one of the members asked the opinion of a long time Milwaukee officer and his response was, "the western region is the life blood of the Milwaukee" Mr. Smith notes that ended the discussion.

Mr. Smith brought to the Milwaukee the concept of Commodity Profit Centers – a system quite new to the railroad industry. Mr. Smith had spent a year developing and installing a similar system on the BN. Each of the five profit centers had specific commodities. Marty Garelick was promoted from Assistant General Manager Lines west to head up one of the centers. I believe Marty has attended many of your annual meetings.

About the same time an Operations Control Center was established by combining the power desk that controlled locomotive and caboose assignments and Carscope. The control center designed,

controlled and monitored, train consist and schedules to meet the shipper's needs as identified by the new Marketing Department Profit Centers.

The Control Center operated 24 hours a day seven days a week and was the nerve center of the railroad. Not only was it a center of control and information for the railroad and shippers but the news media soon became aware of it as well. My office would always refer the media to our public relations department. One day after a serious derailment, my secretary came in and said WLS in on the phone so I picked it up thinking Worthington L. Smith – turned out to be the radio station. I was trapped. I said to Mary Kay, “ after this make sure I know who is on the phone before I answer it”. Maybe making me Director was Mr. Smith's way of getting me away from the Mayor of St Paul.

. The center arranged for and authorized detours due to derailment, washout etc. I had a large detour map on my office wall showing all of our connections with other railroads that got plenty of use on the Rocky Mountain Division, the Kansas City Line and the Terre Haute line where trains continued to fall off the track on a regular basis.

Since we did not have money to fix our own track, Paul Cruikshank arranged for trackage rights to detour on the Rock Island south of Muscatine and on Conrail between Bensenville and Terre Haute to avoid those areas; now we were at the mercy of the operating railroads in those areas and was a daily battle to see our trains were given equal opportunity and not placed on a sidetrack and forgotten.

Mr. McGinn, Vice President of Operations, retired in 1976 and Marty Garelick was made VPO. I became General Manager Operations Planning and in March 1977 AVP – General Manager. Paul Cruikshank also came as VPO & M about that time and

shortly thereafter Marty resigned to accept a position with Amtrak. Amtrak had been after Marty for several months and they finally made an offer he could not refuse.

Reorganization efforts of the operating department initiated by Marty continued under Mr. Cruikshank and broader responsibilities were given the operating divisions. The Superintendents became Division Managers and Division Engineers, Master Mechanics and all other personnel assigned to the division reported to the Division Manager rather than to headquarters. The people at the division level loved it, as did I – many at headquarters did not, but with Messrs Cruikshank and Smith behind it their complaints fell on sympathetic but deaf ears. We operated the 10,000 mile railroad with five (5) divisions and one General Manager – The Control Center reporting to the Assistant VP Transportation had taken over the day to day control that at one time was the responsibility of the General Manager and freed up Mr. Cruikshank and me to spend most of our time on the Divisions. Lunch was usually on the go in the hi-rail - division officers fondly referred to those trips as the “bologna circuit”.

Mr. Smith notes “ revenues did not increase. Costs did. And as a result of an extremely bitter and long winter in 1976 and 77, the company simply became overwhelmed by physical and financial problems and filed for bankruptcy”. Mr. Hillman came on as Trustee and Gov. Ogilvie as council

Mr. Hillman, had been on the Board of the IC and was familiar with many of the industry problems. He was determined to find out if there was an opportunity to reorganize the Milwaukee into a profitable railroad, and hired a firm Booz Allen to explore that possibility. Management was told they were not to go near the Booz Allen people until the study was completed.

Mr. Hillman's health failed and Gov Ogilvie was named trustee; When the Booz Allen report was submitted, after 14 months of study, Mr. Ogilvie notes, "a plan of reorganization was filed September 15, 1981, which did not guarantee a successful reorganization but said there was a substantial likelihood it could be achieved."

Gov Ogilvie continues, "Operating in the crisis-filled years of 1978, 1979, and 1980 was extraordinarily difficult; this was the period when we were making the determination whether, in fact, there existed a "core" railroad that could and should be preserved and rehabilitated from a 10,000 route mile transcontinental system with 11,800 employees. It was further complicated by the need to achieve economies by separating employees, some 3,100 in number, and cutting off the entire western extension and numerous branch lines totaling 6,200 route miles."

Mr. Smith said, "the weaknesses consisted of a lot of branch lines; almost all of them in South Dakota, a number in Iowa; and the main line and branch lines west of Aberdeen, S.D. and almost the whole western extension."

Smith goes on, "We started out again with the simple question: if the whole doesn't work, does that mean that there is not a part of the whole that can work? And this became an analysis of the line by line as to where the strengths, or potential strengths, lay and where the inherent weaknesses appear to be. And, out of that came the core. It was a deductive process and it took a couple of years to develop it."

This transition was at times a painful but necessary experience. The Milwaukee went from five (5) operating divisions to three and finally down to two (2) Divisions. When I made trainmaster in 1948 there were eighteen operating divisions.

One final quote from the Governor reads in part “The employees agreement to work for 93% of the prevailing industry wages provided the opportunity to turn around the Milwaukee. Their sacrifice and work has been the single largest factor in returning the Milwaukee to profitability.”

With profitability, came interest from other railroads. Those that had been lying in the weeds waiting to see if the Milwaukee could actually reorganize suddenly came to life. The Grand Trunk was first to show some interest. This would have created more of an end-to-end merger of the two systems and we actually started run through service between Detroit and the Twin Cities. Their officers toured the Milwaukee and we had numerous meetings in Chicago and Detroit discussing what the service on combined properties might look like.

Along comes C&NW with an offer, which was much greater than Grand Trunk, and we met with C&NW officers to develop an operating plan for “day one”. At one point I was even shown where my office would be. None of this, of course, was done without approval and directions from Gov. Ogilvie.

About the same time Soo Line became interested and they too studied the Milwaukee and how it would fit with the Soo operation and came in with an offer less then C&NW but again considerably more than Grand Trunk.

I was in court when the Judge announced his decision. Most thought the C&NW would prevail. The room was filled to capacity. As the judge laid the ground work for his decision Worth Smith says, he turned around, handed John Mogan, General Chairman of the UTU a one dollar bill to satisfy his bet. John had it right; it was awarded to Soo Line.

Mr. Smith, in his concluding remarks states, “ But one thing that comes back to me always, is there are in these kind of events differing opinions when things are done. And, I respect those differing opinions. Milwaukee people are good people. They have done an incredible amount with meager assets. I thought they did a wonderful job with what they had. I think the job they had to do in maintaining this huge plant and in being competitive with strong rail systems everywhere was just a great job. And, I am pleased that we, well tremendously pleased that we were able to restore profitability to the Milwaukee core and that we were able to achieve that as goal number one.”

Dennis Cavanaugh, the Chairman of the Board and Chief Operating officer of Soo and I had served on the Board of the Minnesota Transfer together when he was VP Transportation, and we had gone head to head in court over the sale of our Minneapolis Passenger Station. The judge ruled in favor of the Milwaukee, and MRHA held their annual meeting there a couple years ago. The mayor of Minneapolis was on the Milwaukee’s side as the sale of the depot meant we would get rid of the 6<sup>th</sup> Avenue viaduct that had been a traffic problem for years. I was not sure how Dennis felt about losing the case, but he greeted me with open arms and one of the first persons I encountered in the halls of Soo Line Building when I reported to Minneapolis was the attorney that had represented Soo in those proceedings and she too gave me a hug and welcomed me to the Soo. /Milwaukee system.

I was made AVP Transportation – General Manager of the combined system and agreed to stay until November 1, to help with the transition but was not interested in moving for the fourteenth time back to Minneapolis where I had already lived on three previous occasions. .

I have run out of time but, if I had stirred up some interest among some of you tonight I would urge you to read Gov. Ogilvie’s

speech of 1984. I think you will find his comments most helpful in understanding, the role and responsibility of a Trustee and how some of the problems were addressed that resulted in the Milwaukee's unprecedented reorganization.

Thank you for the honor of addressing you this evening. I hope the Chicago convention has been an enjoyable and rewarding experience for all of you.