

THE MILWAUKEE ROAD MAGAZINE

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD

MAY, 1975

Annual Report To Employees



Highlighting Milwaukee Road operations in 1974

- ☐ Operating revenues amounted to \$404,316,184, up \$39,898,174 over 1973.
- ☐ Operating expenses and costs totaled \$403,203,628, up \$42,190,512 over 1973.
- ☐ 13,595 employees received \$188,688,092 in wages, plus \$39,237,471 in supplements that included \$9,628,057 in health and welfare benefits.
- ☐ Aggregate annual income of each employee was \$16,765; the average hourly wage was \$8.343.

The Year In Brief

Inflationary 1974 was a year of challenge to the Milwaukee Road, and one well met. For the first time since 1967, the ratio of operating expenses to revenues was below 80% at 79.45. This efficiency was primarily due to improved maintenance and management practices, and increased revenues. While traffic levels were down from 1973, rate increases were reflected in substantial

revenue increases. Notable were those of 4% in March and 10% in June.

An era of Milwaukee Road history ended on June 16 when the railroad retired its last electric locomotives from operation in Montana and Idaho.

New equipment acquired included 46 diesel electric locomotives, more than 1,300 freight cars and 41 bi-level commuter coaches. Shop forces rebuilt 550 cars and 18 SD10 diesel locomotives.

Inherent efficiencies of the new locomotives contributed to an 8% reduction in fuel consumption over 1973, but fuel cost per gallon was more than twice in December what it was a year earlier. Each penny-per-gallon increase ups the railroad's operating expenses by approximately \$1-million a year.

While lumber traffic dropped 22.3% from its 1973 level because of construction decline throughout the nation, movement of motor vehicles was up 6.5% despite severe auto industry dilemmas during the year. Primary factors of this increase were expansion of auto han-

dling facilities and intensive marketing efforts. Piggyback and container loadings also increased by 13.4% over the previous year, reflecting a healthy gain in revenues.

New train services resulting from modern marketing techniques were a "mini-unit train" (MUT) for grain shuttling and joint coal trains operating in conjunction with the Burlington Northern.

The MUT ran six days a week with 30 large covered grain hopper cars on fast turnaround schedules between country grain elevators in central Iowa and Minnesota and Mississippi River barge-loading facilities.

The joint unit coal trains operate between a mine at Colstrip, Mont. and a new power plant at Columbia, Wis.; effective June 1 this year service is supplied between the Colstrip Mine and a paper mill at Wisconsin Rapids. With a similar operation commencing in 1975 between a North Dakota mine and a South Dakota power plant, the railroad expects to double its volume of coal.

New, rebuilt locomotives and cars increase fleet

Purchases of rolling stock in 1974 accelerated over the previous year as 1,455 new units brought to 33,521 the number owned or leased in service. Included in the new equipment were 1,368 freight cars, 46 locomotives and 41 bi-level commuter coaches.

Of significance are 300 new 100-ton covered hopper cars, 570 70-ton box cars, 40 70-ton high-cubic capacity box cars for appliances, and 80 100-ton box cars for aluminum and copper ingots. Also new to the fleet are 197 fully enclosed automobile racks and 66 bi-level auto carriers.

Twenty-eight new Electro-Motive SD40 diesel locomotives will be used on main-line high-speed freights;

eight GE model U30C's were added for use in the joint Milwaukee Road/BN coal train operation between a mine at Colstrip, Mont. and a commercial power plant at Columbia, Wis. Each of the 36 units is rated at 3,000 horsepower. Additionally, 10 2,000 horsepower EMD GP38 diesels were added primarily for branch-line freight operation. All remaining electric locomotives were retired during the year.

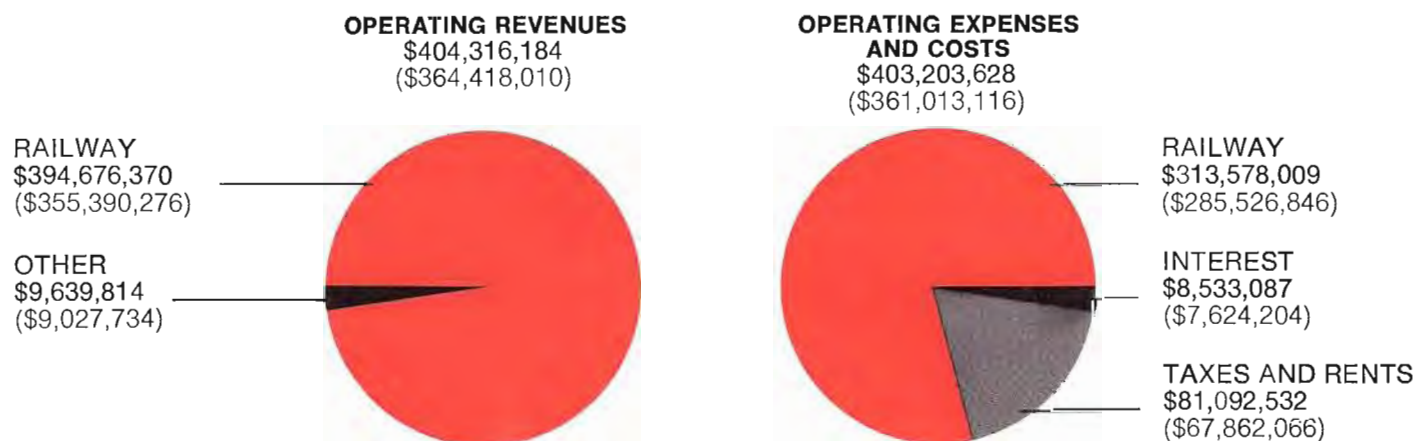
Last year's rebuilding program turned out 450 40-ft. box cars of 50-ton capacity, 100 high stake log flats and 18 SD10 locomotives of 1,800 horsepower.

Total freight car capacity of the fleet is 2,079,361 tons; total diesel electric locomotive horsepower capacity is 1,615,200.

Revenues earned last year—the key to future growth

	Freight Revenue Assignable to Freight Service		Per Cent of Grand Total	
	1974	1973	1974	1973
Freight Traffic				
Farm products	\$ 57,647,349	\$ 53,031,753	14.6	14.9
Food or kindred products	48,084,956	43,663,480	12.2	12.3
Lumber or wood products except furniture	46,372,420	49,979,241	11.7	14.1
Transportation equipment	36,922,121	33,182,546	9.4	9.3
Pulp, paper or allied products	33,338,858	29,228,317	8.4	8.2
Chemicals or allied products	21,646,419	17,513,023	5.5	4.9
Primary metal products	19,586,815	17,453,809	5.0	4.9
Waste or scrap materials	11,695,773	8,384,558	3.0	2.4
Coal	11,399,018	9,590,335	2.9	2.7
Clay, concrete, glass or stone products	10,749,177	9,100,445	2.7	2.6
Nonmetallic minerals except fuels	9,197,198	7,892,921	2.3	2.2
Machinery except electrical	8,659,799	6,769,086	2.2	1.9
Misc. mixed shipments except forwarder and shipper assn.	8,636,752	8,910,240	2.2	2.5
Shipper assn. or similar traffic	6,987,943	6,310,479	1.8	1.8
Petroleum or coal products	5,689,434	5,351,651	1.4	1.5
Fabricated metal products	5,485,737	—	1.4	—
Electrical machinery or equipment	5,304,351	5,454,242	1.3	1.5
All other	15,499,051	17,935,498	3.9	5.1
TOTAL	\$362,903,171	\$329,751,624	91.9	92.8
Other Freight Service				
Switching	\$ 9,594,730	\$ 8,935,586	2.4	2.5
Demurrage	6,914,563	6,019,227	1.8	1.7
Joint facility—net credit	2,854,994	2,323,460	0.7	0.6
All other	1,785,144	999,636	0.5	0.3
TOTAL, other freight service	\$ 21,149,431	\$ 18,277,909	5.4	5.1
TOTAL, all freight traffic	\$384,052,602	\$348,029,533	97.3	97.9
Passenger traffic	\$ 7,395,816	\$ 6,332,660	1.9	1.8
Other passenger service	\$ 3,227,952	\$ 1,028,083	0.8	0.3
TOTAL, all passenger traffic	\$ 10,623,768	\$ 7,360,743	2.7	2.1
GRAND TOTAL	\$394,676,370	\$355,390,276	100.0	100.0

The Milwaukee Road dollar—1974



(Figures in parentheses indicate 1973.)

New facilities, major improvements highlight year's activities

Bridges

The 1974 bridge program was extensive, including several renewals of steel spans, pile trestles and culverts. Scheduled and emergency projects—apart from day-to-day maintenance—were accomplished at a combined total cost of \$750,000.

Notable was replacement of six steel spans up to 50 ft. long on the Iowa Division at a cost of \$117,900. A \$73,300 30-span pile trestle renewal was completed on the Milwaukee Division, the largest single project of the total of 66 such spans renewed during the year.

Expenses for emergency renewal work amounted to \$273,000.

Construction

The company invested \$1 million in construction projects during 1974. Principal were three undertakings at Bensenville totaling \$365,000. One modified the existing diesel house to provide run-through facilities. Diesel fueling and sanding facilities were constructed; increased-capacity retarders and a 300-horsepower air compressor also were installed.

Throughout the system, \$200,000 went toward establishment of environmental control projects at 10 locations. One such major installation consists of a sanitary sewer system at St. Paul.

A project started between Herndon and Spencer is unusual in that funds for its completion will be furnished by the Milwaukee Road, shippers along the line and the State of Iowa. The work includes laying 20 miles of heavier rail, plus ties and ballast. Twelve miles were completed in 1974.

Constructed at Canal Yard in Milwaukee was a TOFC/COFC facility with a 33-car capacity and storage area for 130 trailers.

Stepped-up plans for 1975 call for increased expenditures totaling \$2.5 million on buildings and related structures. Major projects involve environmental control (\$155,000), metal collection pans and upgrading of diesel service facilities (\$259,000), office and welfare building and related structures at St. Maries, Idaho

(\$300,000), and the new diesel house underway at St. Paul (\$1.5 million).

Signals & Communications

Activities surrounding signals and communications work were frequent. Major installations included automatic crossing gates or flashing light signals system-wide at 29 additional grade crossings, and six derailed car indicators on the Rocky Mountain Division.

The change from AC semaphore signals to color-light signals between LaCrosse and Mauston, Wis. was completed.

Automatic telephone exchange (PBX) facilities were installed at Deer Lodge (30 lines) and Harlowton (20 lines).

Track

A total 56 miles of new and second-hand rail was laid in 1974. In addition, 108.5 miles of track were upgraded, the longest stretch being 23.8 main-line miles between Rondout and Sturtevant. Nearly 80 miles of branch-line track were abandoned and turned over to outside contractors for removal.

The Milwaukee Road Fleet, Owned and Leased

Diesel locomotives

Freight	114
Multiple purpose	490
Passenger	22
Switch	187
TOTAL	813

Freight cars

Box and auto	15,986
Gondola and hopper	7,964
Flat	5,477
Others	3,178
TOTAL	32,605

Passenger cars	103
TOTAL FLEET	33,521



These GM diesels are typical of 36 added to the fleet in 1974. The 3,000 horsepower locomotives are part of an aggressive power acquisition program started in 1972 that also included 10 new 2,000 horsepower GP38s delivered last year.



This "Piggy Packer" operated by the Milwaukee Motor Transportation Co., wholly-owned motor carrier subsidiary of the Milwaukee Road, facilitates trailer and container handling. Six of these units are now in operation with the company.

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	Average miles of road operated	Average number of employees	Total wages all employees	Property taxes paid	TAXES
Idaho	233	96	\$ 1,234,945	\$ 122,351	Payroll\$29,609,414
Illinois	682	3,235	46,162,906	1,503,781	Income & misc. 24,259
Indiana	228	322	4,360,398	149,557	Property 8,848,327
Iowa	1,670	1,291	18,541,758	924,248	
Michigan	152	104	1,341,852	91,293	
Minnesota	1,319	1,615	20,164,097	2,944,771	
Missouri	157	282	3,631,038	232,660	
Montana	1,197	1,002	13,728,734	812,327	
North Dakota	367	48	614,077	89,966	
South Dakota	1,611	700	8,587,151	307,345	
Washington	1,124	1,427	18,607,115	737,343	
Wisconsin	1,493	3,325	49,691,983	906,726	
All other	23	148	2,022,038	25,959	
TOTAL	10,256	13,595	\$188,688,092	\$8,848,327	TOTAL.....\$38,482,000

TOTAL WAGES

*Average wages per hour worked

'70	\$4.781*	\$139,893,739
'71	\$5.344	\$149,927,206
'72	\$5.859	\$166,460,094
'73	\$6.596	\$180,344,964
'74	\$6.907	\$188,688,092

WAGE SUPPLEMENTS

'70	\$14,837,868	\$6,774,336	\$21,612,204	Payroll Taxes
'71	\$15,086,689	\$7,022,141	\$22,108,830	Health and Welfare Benefits
'72	\$16,721,501	\$8,895,265	\$25,616,766	
'73	\$21,233,178	\$9,279,439	\$30,512,617	
'74	\$29,609,414	\$9,628,057	\$39,237,471	

AGGREGATE LABOR INVESTMENT — AMOUNT

'70	\$161,505,943
'71	\$172,036,036
'72	\$192,076,860
'73	\$210,857,581
'74	\$227,925,563

— AVERAGE PER EMPLOYEE

*Average aggregate wages
per hour worked

'70	\$5.520*	\$10,910
'71	\$6.132	\$12,113
'72	\$6.760	\$13,594
'73	\$7.713	\$15,581
'74	\$8.343	\$16,765