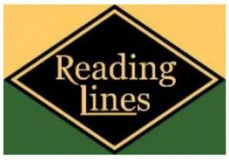
The Early Years



Stories From the Front

50th Anniversary Issue

By

Stephen Frasher

Preface to the 50th Anniversary Edition

I first published this book in the fall of 2024 and made it available on several websites that distributed free e-books. The goal of that edition was to provide a firsthand account of the challenges front-line employees faced during the company's early years.

With further reflection, and Conrail's 50th anniversary approaching, I decided to revise the book and reissue it as a "50th Anniversary Edition".

In the first edition, I focused exclusively on the management structure and operating attributes of each location where I worked. I concluded each report with stories drawn from my personal experiences to add a human dimension to the narrative. In this edition, I have revised portions of the narrative and added new stories.

Finally, in the first edition I framed the narrative so that the "front" was exclusively the locations I worked at. In this 50th Anniversary Edition I have drawn on Conrail's annual reports along with other sources to explain major challenges that took place on all "fronts", including the "corporate front" in Philadelphia.

Contents

Introduction

Congress legislated the Consolidated Rail Corporation into existence on April 1, 1976. The goal was to replace six failed railroads with one viable system to service the Northeastern United States. The new entity adopted the name "Conrail." Contemporary opinions on Conrail's prospects for success following its launch were mixed.

While official projections and government-backed plans expressed optimism, transportation analysts pointed to lagging economic growth in the Northeast, along with an overbuilt rail infrastructure (with redundant lines and terminals not sufficiently pruned), and persistent competition from trucking as major hurdles Conrail would have to overcome.

A 1975 editorial in *Trains* magazine expressed deep pessimism, declaring Conrail "a write-off." It argued the railroad was doomed by bureaucratic inefficiencies, unprofitable marginal lines, and political pressures that would lead to repeated funding pleas to Congress rather than market-driven innovation.

In essence, while federal intervention was viewed as necessary to avert a broader rail crisis, many contemporaries saw it as a high-risk experiment with uncertain odds of achieving financial self-sufficiency. Those debates in Washington and the press put enormous pressure on the employees tasked with making Conrail work from day one.

I spent eight years at Conrail, starting in 1976, in the Operating Department under the leadership of Richard Hasselman, Vice-President of Operations. During that time, I had six different assignments in five different locations. In hindsight, those eight years proved pivotal in transforming Conrail from the morass of six failing railroads to one of the best railroads in the country.

I left Conrail in the fall of 1984 to pursue a different career path and did not think about the railroad until, in retirement, I found a cache of notes that evoked memories of my time there.

I searched the internet for articles or books about Conrail, particularly during those early tumultuous years. I found little. So, I decided to write this book.

The primary goal with this book is to provide a firsthand, anecdotal narrative about the accomplishments of Conrail employees at every level. I have not encumbered this narrative with excessive historical detail. I did not focus on boardroom "intrigue,' nor did I attempt the level of intellectual sophistication a formal case study on "the resurrection of the American railroad industry" would achieve. Instead, I sought a way to acknowledge the resolve and perseverance of Conrail employees during what turned out to be a truly historical accomplishment.

With that in mind, this is how I structured this book:

First, I arranged the chapters in chronological order starting with my first assignment as trainmaster at Selkirk Yard, near Albany, New York, in August 1976 and ending with my resignation in 1984 as Division Superintendent of the Southwest Division in Indianapolis, IN.

Next, as an accommodation to those readers who would like to know the "gritty" details of Conrail's management structure, its train and yard operations, and its physical plant, I have done my best to report those details as accurately as possible.

Then, I supplemented that operational detail with personal stories that I thought might be informative and entertaining to readers interested in the trials and tribulations of average front line employee.

But I also wanted to point out important events that took place in areas outside the scope of the challenges I personally encountered. To accomplish this, I decided to draw from annual reports

and employee newsletters Conrail published the years I was there and include them as a "Postscript" at the end of each chapter.

Lastly, throughout the book, I identify as many people as I can in order to humanize the events that unfolded in the years I was there. Having said that, I could not remember the names of all the people I worked with. Regardless, they played important roles in Conrail's early days.

Before you continue on to the Prologue and the rest of the book, I have a couple of disclaimers:

First, nothing in my stories is intended to disparage any individual or any event.

Second, while this book is largely told through my experiences, it is not intend it to be about me. During those early Conrail years, many employees faced similar challenges, all in the hope that Conrail would ultimately succeed. And in the end, by any measure, Conrail achieved great success

Prologue

My wife, Sandy, and I were married on the afternoon of June 20, 1970, a beautiful summer day in northern New Jersey. On that very same day, in Washington, DC, Paul Gorman, Chairman of Penn Central Transportation Company, met with Texas congressman, Wright Patman, Chairman of the House Banking and Currency Committee. The purpose of the meeting was to secure Patman's support for emergency funding for Penn Central, then the nation's largest railroad. That meeting did not go well, and Penn Central declared bankruptcy on Monday June 22.

Thus, in spectacular fashion, after only 872 days of existence the nation's sixth largest corporation secured two notable milestones. It began as the largest corporate merger in American history and ended as the largest corporate bankruptcy in American history.

Over the next two years, in rapid succession, the Lehigh Valley Railroad, the Reading Company, and the Lehigh and Hudson Valley Railroad filed for bankruptcy. In addition to this financial mess, the Central Railroad of New Jersey was still unable to reorganize following its 1967 bankruptcy. By 1972, every major railroad in the highly industrialized Northeast was in financial crisis. This became a wakeup call for Congress and the nation to investigate what had happened and how to correct it.

The irony of these events turned out to be only a few of several nexuses that intertwined my family life with my professional life.

For starters, my father was General Manager of Penn Central's the Metropolitan Region in New York City at the time of the bankruptcy. He started his railroad career in 1942 as a locomotive fireman for the New York Central in Watertown, NY.

I was born in 1948, and by the time I graduated from high school, we had moved nine times as my father's career took him to assignments all over the Northeast. Carving out a railroad career never occurred to me while growing up. Indeed, after high school, I attended Rensselaer Polytechnic Institute and graduated in 1970 with a degree in Aeronautical Engineering. However, a combination of mild recession, Boeing's financial distress, and President Nixon's cancellation of the space program practically eliminated job opportunities for newly minted aeronautical engineers. So, in an attempt to rebrand myself, I enrolled into the MBA program at the New York University Graduate School of Business Administration (now called the Stern School).

My father was able to get me hired as a relief ticket agent working at various stations on the Hudson and Harlem commuter lines during the day so I could attend classes at night. The salary I earned from that job, along with my wife's salary as computer programmer for the New York Telephone Company in Manhattan, provided just enough income for us to live in a small ground-floor apartment in Bronxville, NY and pay my tuition.

Because I enjoyed mathematics, I specialized in operations research and wrote my master's thesis on "The Schedule Design for a Suburban Railroad." This idea came about because of some of the rush hour scheduling practices I observed as a relief ticket agent.

But while concluding my studies at NYU, I decided to pursue a career in the railroad industry. I had spent my summers working as a field engineer for the New York Central/Penn Central while attending RPI. This experience gave me a good sense of the railroad business. And on a personal level, my father's accomplishments demonstrated that through hard work and perseverance a successful railroad career was possible. Taken together, these factors led me to commit to a career in railroading. There were no railroad jobs available in the Northeast so, I contacted western railroads. The Burlington Northern wanted me to join their newly created planning group at the

St. Paul headquarters. They had recently merged four Northwestern railroads into a single system: The Great Northern, The Northern Pacific, The Chicago, Burlington, and Quincy Railroad, and The Spokane, Portland, and Seattle Railway. This group was being tasked to optimize the operations of the merged railroads.

But I wanted to be in "line operations" and, during the job interview I was able to persuade the personnel manager to hire me in that role instead. I spent my first year in St. Paul, MN as a management trainee. From there, I received my first operations assignment as Assistant Trainmaster in McCook, NE.

Next, I was promoted to Division Trainmaster in Alliance, NE. At that time, the Alliance Division was the fastest growing division on the BN. This was driven by the tremendous growth in coal production in the Powder River Basin in Wyoming. The Clean Air Act of 1970 spurred the extraction of low-sulfur coal from deposits situated in that part of the U.S. and the BN built spur tracks to these fields to capture that growth. As a result, their coal transportation business expanded rapidly. When I arrived in Alliance in December of 1974, we were running about ten unit coal trains per day and when I left in August 1976, we were running about thirty per day.

I left the Burlington Northern because of the convergence of several significant events.

On the personal side, we had our first child right after arriving at Alliance. Our isolation from family and friends started to weigh on us. Then, in the spring of 1976, Sandy became pregnant with our second child and that triggered a greater sense of urgency to find a way to relocate to the Northeast.

Then, during the time I was employed at BN, Congress began crafting legislation to address the rail crisis in the Northeast. In 1973, the Regional Rail Reorganization Act (3R Act) provided much needed funding for the distressed Northeast railroads and authorized the creation of a "Final System Plan" that would eventually result in the creation of Conrail. On February 5, 1976, Congress passed into law the Railroad Revitalization and Regulatory Reform Act (4R Act) which approved that Final System Plan that set April 1, 1976, as the start-up date for the Consolidated Rail Corporation.

Finally, during that period, my father's career actually took off. Right after the bankruptcy he was promoted to Assistant Vice-President Operations-Lines West and held that position for 3 years. He then became Vice President of Passenger Operations. As Conrail's creation became certain, he was asked to leave day-to-day operations and join the staff of Leo Mullin, who was Senior Vice-President of Strategic Planning. Leo was a member of Conrail Chairman Edward Jordan's inner circle who was responsible for long range planning and the creation of a five year business plan.

With my father now in a staff role, I believed I could apply for a job without "nepotism" becoming an obstacle. That concern disappeared when I received word from the personnel manager managing my application that as a part of his due diligence, he had contacted the new Vice-President of Labor Relations, Al Egbers. Egbers had just left the BN for Conrail and gave me a favorable reference. With that, Hasselman approved my hire.

I resigned from the Burlington Northern effective August 15, 1976, and was placed on Conrail's payroll the next day. My first assignment was terminal trainmaster at Selkirk Yard.

Being hired by Conrail not only solved our personal issue, but it also allowed me to continue with a career in railroading. It was hard not to see it as a stroke of good fortune.

The only aspect of that good fortune I did not foresee was the test of fortitude that lay ahead at Conrail, beginning with Selkirk.

Postscript: In the fall of 1979, after thirty-seven years of service with the New York Central, Penn Central, and finally Conrail, my father retired. He died in 2016 at the ripe old age of ninety-six!

During his retirement, he remained a great source of advice. He delighted in storytelling, weaving each tale with purpose to drive home a point — a style I am trying to emulate in this book.

His passing marked the final "nexus" between my personal life and "railroad" life that I referenced at the beginning of this Prologue. There will be others as this narrative unfolds.

Selkirk Yard

Selkirk Yard was one of the crowning achievements of Al Perlman, the last president of the New York Central Railroad. Perlman undertook a major campaign to transform the New York Central into a modern, high-tech railroad. Originally built in the 1920s, Selkirk Yard reopened on September 25, 1968, as "A. E. Perlman Yard" following a $25 million modernization.

Eight months earlier, the Pennsylvania and New York Central Railroads merged to form Penn Central. In the ensuing management shuffle, Perlman failed to gain control over the merged railroad. That fell to Stuart Saunders who had previously been chairman of the Pennsylvania Railroad. Perlman eventually left Penn Central to head up the Western Pacific Railroad.

Selkirk Yard was on the Mohawk-Hudson Division of the Northeastern Region. At the time, the division headquarters was in Utica, NY, and the Division Superintendent was Walter Sparks. Charlie McKenna, the Regional General Manager, was headquartered in New Haven, CT. The Northeastern Region had two other divisions: the New England Division headquartered in Springfield, MA and headed by Ernie Cross and the Buffalo Division headquartered in Buffalo, NY and headed by Andy Conklin.

Operationally, Selkirk was a model of efficiency, highlighted by its ability to hump 1,000 cars per shift or 3,000 cars per day, day in and day out. But a broader picture of the efficiency it possessed looked like this:

- The classification yard contained seventy tracks with capacity for 3,680 cars, allowing the yard to turn over essentially every day.
- The receiving yard had eleven tracks with a 1,716-car capacity. This meant the receiving yard turned over almost twice a day.
- The north and south departure yards together had fourteen tracks with a 2,034-car capacity, so it too needed to turn over nearly twice a day.
- A yard set aside for local traffic, nestled beside the departure yard had ten tracks with about a 400-car capacity.
- In total, the yard occupied 1,250 acres of land and contained 133 miles of track. Nearly every freight car that arrived at Selkirk, except for those destined to the local yard, left within hours. And that was another major feature that made Selkirk so vitally important to Conrail.

Supervision

Because of the intensity of Selkirk's mission, the supervisory forces included a General Car Foreman, Locomotive Repair Foreman, Road Foreman of Engines, Track Maintenance Foreman, clerical supervisors, and others. To be clear, these supervisors, as well as the employees they supervised, all played critical roles in contributing to Selkirk's daily performance. To put that performance in perspective, this team supported approximately thirty yard crew assignments. Those crews received, classified, and dispatched 3,000 cars per day. Using the September 1976 Freight Schedule as a reference, Selkirk received and dispatched thirty trains daily. And that is not counting the trains that stopped at Selkirk only to change crews. In addition to their routine duties, both the car department and the engine house manned "flying squads" around the clock. A "flying squad" consisted of a truck stocked with mechanics, parts, and tools to repair any car or locomotive on a train ready to depart the yard.

Unfortunately, I cannot provide the names of all of these people because I mainly remember the "transportation" staff that I worked with on a daily basis. But you will soon grasp their heroic roles as this story unfolds about the truly historic challenges that Selkirk and Conrail had to overcome during its first two years of existence.

The top transportation management position at Selkirk was the Terminal Superintendent. When I arrived, that person was Joe Deeley, who started his career as a freight train conductor. The Assistant Terminal Superintendent was Bob Sweitzer who started as a brakeman, then became a yardmaster before entering the management ranks.

Joe Deeley resigned in October of 1977 and exercised his seniority back as a freight conductor. Bob Sweitzer took his place, and I ended up taking Bob's place. It was common for supervisors promoted from the ranks to retain their union seniority as a safety net should their supervisory role not work out for them.

The Terminal Superintendent worked the day shift, twelve hours per day, six days per week: Sunday was his rest day. The Assistant Superintendent worked the 12 hour "night" shift, and his rest day started at 7 am Sunday morning and ended upon returning to work at 7 PM Monday evening. These two shared an office in a building perched beside the hump. This building also housed all the clerical support services as well as the hump yardmasters.

Just across the hump was the engine house where all locomotives were serviced and repaired. A Road Foreman of Engines had an office in the diesel shop. Tad Mahoney was the Road Foreman while I was there. Interestingly, he had seniority as an engineer on the St. Lawrence Division of the New York Central: the same seniority roster my father had been on back in the 1940's. Tad provided insight that had a different perspective than the other "transportation" staff I worked with and that proved to be immensely helpful.

Aside from certain "administrative" duties, the superintendents had overall responsibility for yard performance. By that I mean they oversaw the massive coordination effort needed to fulfill the "plan" for that day. In theory, operating priorities for trains system-wide were set by the Vice-President of Transportation through a System Freight Schedule that was published from time to time throughout the year. But that master schedule was generally altered daily because of the realities of the moment causing constant communication among division, region, and system personnel. Those communications determined the connections to be made between inbound and outbound trains which then set the operating priorities for that day.

There were four trainmasters at Selkirk, housed in a glass-and-steel cubicle at the top of a thirty-foot tower situated at the pull-out end of the yard. On any given shift that cubical was manned by two people: a yardmaster and a trainmaster. The yardmaster sat at a desk in front of

the trainmaster and the tall glass walls of the cubicle gave both full view of the classification yard, the departure yards, and the local yard. The trainmasters had no administrative duties other than reporting train departures and explaining late departures. Once their shift started, they never left the cube.

A couple of habits I remember about life in that cube was the constant ringing of the phone which was answered by barking "505" followed by your last name. "505" was the local extension number for the trainmaster and in answering that way, the caller had no doubt to whom they were talking. Even to this day, "505 Frasher" rings in my brain. And one enduring ritual for both trainmasters and yardmasters alike was turning the seat cushion over in order to get a "fresh seat" before starting their shift!

The trainmasters' primary duty was to execute the train schedules set for the day. The best way to describe the effort at the pull-out end of the yard is to think of it as a war zone, with the trainmaster acting as a combat captain tasked with achieving specific objectives. In this role, he needs to give clear and credible orders, be able to foresee obstacles that might crop up and either prevent or overcome them as the battle unfolds. This job was not meant for the faint of heart.

To ensure the cubical was continuously manned, the trainmasters had a rather unique work schedule. The workday started at 7 am and was comprised of three eight-hour shifts. Before starting their shift. every trainmaster usually arrived about fifteen minutes early to get a "turnover." The three trainmasters assigned to the first, second, and third shifts worked six consecutive days followed by two days off. As a result, their rest days changed every week.

The fourth, relief trainmaster had to return to work twice during his work week, each time with only eight hours of rest to cover the other trainmasters scheduled days off. These scheduling "gymnastics" meant he completed six shifts in five calendar days, which, earned him a three-day rest period.

I started at Selkirk on the second shift and after a few months got assigned to the "relief" shift. While the relief shift gave me invaluable experience at Selkirk, I can attest to the fact that by the end of the week I was so tired from doubling back that I spent most of that first day off catching up on lost sleep. My wife, Sandy, remarked one time that some of our neighbors asked her what I did for a living because of the odd times I was seen going in and out of the neighborhood.

The yardmasters I worked with were all ex-brakemen: Don Dubay, John Cannifer, Al Pape, and Pete Pascuzzi. All the trainmasters also came up through the ranks: Tony DeLuca, Eddie Pape (Al's brother), and Jim Almy.

The reason I so vividly remember these people is that they were some of the brightest, most dedicated, and hardest working people I had ever been associated with. Selkirk was an important classification yard for Conrail and as I will explain later, there was tremendous pressure to have the yard perform at the highest levels: day-in and day-out; through all kinds of weather.

Yard Operations

As far as daily yard operations went, there were three main activities:

- Humping Cars: Pushing inbound trains over the hump was the primary operating statistic used to measure terminal performance. If any shift humped less than 1,000 cars, everyone from Division Headquarters to System Headquarters in Philadelphia expected a detailed explanation for the shortfall. There were two Hump Engine assignments per shift.
- "Bucking" Cars: Prior to assembling an outbound train the yardmaster had to know that all the cars on each of the classification tracks were securely coupled and

accounted for. This was done by yard crews equipped with low horsepower "Buck" engines. There were four "Buck" crew assignments per shift, and they all worked out of the pull-out end of the classification yard.

- Pulling Cars: after each classification track was bucked, "Puller" engines were assigned to assemble outbound trains in the departure yard. There were three long drill tracks at the pull-out end of the classification yard dedicated solely to puller engine movements. Each shift had four Puller Engine assignments.

All engine movements at the pull-out end of the yard were controlled by a conductor located in a separate tower. This conductor remotely controlled switches for all the yard engines at the pullout end of the yard. His job was to minimize instances where yard engine movements interfered with one another. He also had to prevent departing trains from being blocked by yard operations.

Train Operations

While "cars humped" was a major performance metric, senior management also held Selkirk accountable for on-time train performance. To be fair, all terminals were held accountable for train performance, but Selkirk was tasked with these major challenges:

1. Receive, classify, and expedite cars with perishable cargoes destined to markets in New England, New York City (including Long Island), and the Newark metropolitan areas.
2. Assemble and dispatch trains with loaded and empty auto parts cars destined to assembly plants.
3. Make blocks of cars designated to interchange to "foreign" railroads.
4. Expedite "Trail-Van" trains through the yard. Trail-Van trains consisted of highway trailers mounted on specially designed flat cars. The cargoes in those trailers were generally the most valuable and time sensitive cargoes transported by Conrail.

Perishable trains

Of the four challenges, the perishable trains set Selkirk apart from other major yards in the system. these trains hauled cars loaded with fruits, vegetables, meat, and other farm products that originated on the West Coast and in the Midwest. The cars on these trains were "refrigerated". Refrigeration was achieved either with modern electrical refrigeration units installed on the car or by stowing ice in special compartments of the car to keep the cargo cool. Most of these trains were scheduled to depart from Selkirk on the second shift so they would arrive at their destinations early the next morning for distribution by truck throughout their respective metropolitan markets.

I will have a "story" about these trains later.

Here are the train symbols for the perishable trains listed by major market:

BA-2, BA-4: destined Boston, with stops at Framingham, Springfield, and Worcester
LI-2: destined Long Island City with stops at Fresh Pond and Holban Yard
HP-2, HP-4: destined Hunt's Point with stops at Croton and Port Morris
CH-4, NH-4: destined Cedar Hill, CT with stops at Danbury and Brewster
VJ-1: destined Newark, with stops at Elizabethport and Croxton

Auto Parts and Interchange Trains

Auto parts were a "hot" commodity throughout Conrail. Assembly plants around the country depended on reliable deliveries to keep inventories low without adversely impacting production at the various assembly plants.

Interchange trains consisted of blocks of cars destined to a "foreign" railroad. By agreement, all railroads were required to make a daily cash payment, called Per Diem, to the owners of railcars in their possession. Per Diem costs had a significant impact on cash management. So, the system

goal was to get foreign cars as well as Conrail-owned cars destined to a foreign railroad interchanged as quickly as possible. The official cut-off for a Per Diem payment was midnight each calendar day.

Here are the trains Selkirk managed that fell into this category:

BC-1: South Boston to Elkhart for further distribution to foreign railroads
FMA-9: Framingham to Detroit with blocks for The Canadian National and the C&O
ML-9: North Bergen to Detroit
MW-1: Boston to Potomac Yard and interchange to southern railroads
NG-3: Oak Point to Proviso and interchange to the Chicago Northwestern
SLX-1: direct to St. Louis for further distribution to foreign railroads
VEG-1: Selkirk to Elkhart for further distribution to foreign railroads
VM-11 Selkirk to Montreal
VN-4 auto parts for the Tarrytown Ford Assembly Plant
VNF-1: Selkirk to Niagara Falls with blocks for C&O and Canadian National

Trail-Van Trains

The modern shipping container that carries the high value, time sensitive cargoes today barely existed in the early years of Conrail. Instead, railroads hauled highway trailers mounted on a flat car. Conrail marketed this service as "Trail Van" service, and each Trail Van train had a symbol that contained the initials "TV" followed by an even number for eastbound trains and an odd number for westbound trains. The "TV" trains were run on precise schedules. Once they reached their destination, the trailers were unloaded, and truck drivers made the final delivery to the customer.

Selkirk handled 11 TV trains daily as follows:

TV-5 and TV-6: two trains that operated between East St. Louis and Boston
TV-7 and TV-8: two trains between Cedar Hill and Chicago
TV-9 and TV-10: two trains between Newark and Chicago
TV-9S and TV-10S: between Springfield and Selkirk with cars for TV-9
TV-13 and TV-14: two trains between Boston and Chicago
TV-16: Detroit to North Bergen. The return train from Detroit was ML-9

Some Stories

Now that we've covered Selkirk's operations, here are a few stories from my time there:

"We're not in Kansas anymore, Toto!"

Anyone who has seen the 1939 movie Wizard of Oz, starring Judy Garland, remembers that famous remark after she and her dog, Toto, landed in Oz. They would also remember when the scenery changed from old-fashioned black and white to modern technicolor. That's what it felt like when I arrived at Selkirk from the Burlington Northern! I had never seen a classification yard so big and so active. Indeed, at that time, there were more hump yards on Conrail's Northeastern Region than on the entire Burlington Northern. And the BN was the largest railroad in the nation!

After arriving at Selkirk, I posted for a few weeks with Tony DeLuca who was generally so busy that he had very little time to brief me on operations. So, I learned by watching and listening.

While posting with Tony, I quickly realized there was no way I could be an effective supervisor without a thorough knowledge of the track layout between CP-132 and CP-136, the two interlockings that controlled train access to and from Selkirk Yard. Even more critical than that was the tangle of tracks that lay right before my very eyes. Understanding how the classification tracks, drill tracks, departure tracks, and main lines intertwined was key to understanding how the

yard functioned. Despite their essential function, there were literally no official maps to study or refer to. Everyone working there knew the yard layout because that's where they "grew up".

So, over a period of several days, I walked all of these tracks and made hand-drawn notes on how the tracks were laid out, how they were designated, and what trains traversed those tracks. Then after work, I consolidated these notes into schematics that I could use to better follow how Tony was directing operations. My crowning achievement was a "master" schematic of the entire yard that I managed to fit on to a single sheet of Howard Johnson stationary. I stayed at that Howard Johnson Motor Lodge just down the road from Selkirk while planning our family's move to from Alliance. So, with all of that "knowledge", ready or not, I started my assignment as trainmaster, second shift, pull-out end.

One bit of gallows humor that illustrated the kinship of those who hustled to make things happen at Selkirk was the "toilet flush". Because almost all communications were broadcast over the radio, everyone knew how the shift was going. And once things started to go sideways, someone would invariably call "505" and transmit the sound of a flushing toilet for all to hear. Welcome to the club!

My "Perishable Train" Nightmares

During the time I posted with Tony DeLuca, I learned that my assignment on the second shift was being filled by a yardmaster. Seems the trainmaster assigned to that shift resigned several months earlier and no other trainmaster wanted that assignment. And, as it turned out, no yardmaster wanted to be promoted to Trainmaster on that shift either.

The primary reason for this was the poor departure performance of the perishable trains. System transportation managers exerted maximum pressure to get these trains on time because failure to do so invariably put them in the cross hairs not only of the affected customers but also the politicians who had approved funding for Conrail with the understanding that businesses in the Northeast would be satisfactorily served. In an attempt to mitigate the effect of poor train performance on customers, Conrail agreed to pay cash penalties to some customers who incurred added costs when schedules were not met.

When I finally arrived on the second shift, I was buoyed by the help and support I got from the yardmasters that worked with me. The two I worked with most were Al Pape and Pete Pascuzzi. Al was meticulous in organizing the yard crews and coordinating with the hump yardmaster and pull-out conductor. Pete was a larger-than-life character that drove everyone to perform "miracles".

Despite all that help and support, train departures did not improve much in my first weeks on the job, and from phone conversations I had with various people, I could tell that my "grace" period was coming to an end.

My wife remembers to this day episodes of me sitting up in bed at night, while sound asleep, asking "Is HP-2 out yet?". After she softly told me it was, I would lay back down. I never remembered those episodes myself.

The situation was so bad, that I thought my "career" with Conrail was about to abruptly end.

So, one day I decided to meet the yard crews at the start of our shift. I had not yet done that and for a variety of reasons, none of the trainmasters or, for that matter, the yardmasters, ever spent face time with the yard crews they worked with.

There were two major barriers to overcome when trying to meet with the yard crews. First there was a "physical" barrier: the trainmaster and yardmaster were in a glass cubicle at the top of a tower some thirty feet above the crew's locker room. And once ensconced in that cubical, neither the yardmaster nor trainmaster could leave because of the constant stream of radio chatter and

phone calls that required their immediate attention. Finally, the cubicle itself had only one desk each for the trainmaster and yardmaster, a toilet, a wash sink, and a couple of chairs for visitors. So, the only discourse between the yard crews and the "cubicle" was accomplished by either barking orders through the intercom system into the crews' locker room or a similar barking of orders over the portable radios.

Then there was a "pragmatic" barrier. Each yard assignment had at least four crewmembers: a conductor, an engineer, and two brakemen. Some also had a fireman making the crew size five. But little of the actual yard work required more than two people most of the time. So, a supervisor walking into the locker room and/or lunchroom would find employees listening to radios, watching TV, reading books, playing cards, and probably sleeping while waiting for their turn to work. Any of these activities would have been violations of the company's work rules. How would a supervisor be able to ignore this?

Taking all that into account, I decided to be in the locker room as the employees for my shift arrived and prepared for the day's work. When I introduced myself, I detected looks of wonderment on most faces. I told them I just wanted to introduce myself as the new trainmaster but also wanted to know whether any of them knew what we were trying to get done on this shift. That question changed the faces of "wonderment" to faces of "bewilderment". The obvious answer was to build the trains the yardmaster wanted built: what else was there to it?

I decided to give them the full explanation: why the trains had to arrive at their destinations early in the morning and what the consequences of being late meant to shippers and Conrail alike. When I was done, there were no questions, just an eerie silence as they continued putting on their work clothes. I returned to the cubicle, not knowing what to think about what had just happened.

But within a few days, some of the perishable trains started departing on time and in a few weeks they almost all departed on time. I took what I learned from that incident with me for the rest of my career as a guiding axiom: you have to believe that employees want to do a good job they just need to know what constitutes a good job.

Two Historic Winters back-to-back

Two significant events occurred when I was at Selkirk that were above and beyond anything I had experienced (before or after): the back-to-back brutal winters of 1976/1977 and 1977/1978.

The winter of 1976/1977 started out as a particularly cold winter: record cold. Buffalo got a snowstorm on the second week of October: the earliest storm on record. Lake Erie froze over by mid-December: another record. Cold weather and constant snowfall prevailed all through December. But that winter is best known for the Blizzard of 1977, that occurred in the last week of January. As a result of the blizzard's brutal impact, President Carter declared the State of New York a federal disaster area.

The record cold temperatures forced trains to be made up with fewer cars than normal. Air pressure needed to control train brakes could not be maintained on full length trains. So, Selkirk received more trains than normal and dispatched more trains than normal.

The interlockings at each end of the yard, CP-132 and CP-136, had to be manned around the clock by maintenance crews to keep the switches working even though they were all equipped with propane gas heaters that normally would have prevented the switches from freezing up.

A track maintenance gang was dedicated to keeping oil fires lit around the remotely controlled switches at the hump end of the classification yard lead. Another gang was assigned to work with yard crews to help keep hand-thrown switches operating.

Everything in the yard slowed down to a "crawl".

Buffalo's yards and the main line between Selkirk and Buffalo were a total disaster with broken rails, frozen switches, and massive snow drifts covering main tracks and yard tracks alike.

One event I distinctly remember was the special "snow" train that we assembled on one of the fast freight leads. It consisted of six locomotives with a jet engine mounted on a flat car ahead of those engines. The balance of the train consisted of several tank cars of jet fuel, some dormitory cars to house maintenance workers, and a caboose.

The exhaust end of the jet engine was pointed forward on the flat car so it could blast snow out of the way ahead of the train as it traveled to Buffalo. And the President of the company, Richard Spence, was going to ride that train to Buffalo.

Spence was the first President and Chief Operating officer of Conrail. He left a career with the Southern Pacific to join Conrail and was reputed to be one of the best operating people in the business.

There was a lot of excitement about this herculean effort. Everyone wanted this train to depart without a hitch.

And everything did except somewhere around Batavia, NY, the snow was so deep that the train stalled. As a result, Spence was removed from the train and additional teams of men were sent to help get that train moving again. I am sure that is not what everyone had in mind when this mission was planned.

By the time all the weather "historians" finally got around to proclaiming the winter of 1976/1977 to be the worst winter in history, not one of them foresaw that the upcoming winter of 1977/1978 would be even worse!

During that winter, I was now Assistant Terminal Superintendent, working at the hump.

The winter started as a "normal" winter but the record snowfall from the Great Blizzard of January of 1978 crippled operations. This blizzard blanketed the Ohio Valley and Great Lakes Region all in one fell swoop and has been cited as the worst blizzard in U.S. history.

Because the storm was so widespread, many trains originating on the western extremities of Conrail were made up to bypass the yards east of them that were closed because of the storm. Those trains ran directly to Selkirk to be "sorted out". Buffalo was so buried in snow that they ran out of room to dump the snow being removed from tracks and roadways. So, they assembled unit trains of gondolas that would depart Buffalo filled with snow, pass through Selkirk, and on to Potomac Yard and points south where they could be unloaded and returned empty to Buffalo for further snow removal service.

Selkirk had to remain open at all costs. That urgency was emphasized when both the Regional General Manager, Charlie McKenna, and the Division Superintendent, Walter Sparks "camped out" at Selkirk. Their objective was to get a first-hand account of what was going on and to make sure Selkirk got whatever it needed to remain open.

What I am about to add to this story is: thank God they stayed on the day shift! I say: "thank God", not out of any sense of derision, but rather a sense of relief that I was free to do my job unfettered by the need to continually brief them on operations.

I would arrive around 6:30 PM to begin my shift and spend about 15 minutes with them before they left for the evening. They would return at around 6 AM for a full briefing on how the evening went.

Then there was the "hot line" on the desk of the Terminal Superintendent. By "hot line" I mean a red phone designed to receive inbound calls only. And Dick Hasselman, VP of Operations, was guaranteed to be on other end of that call.

During the blizzard crisis, that phone rang at exactly 6:30 AM every morning, just after Sparks and McKenna arrived. And when it rang, both Sparks and McKenna stepped out of the office: neither wanting to answer that phone at that moment. At first, I wasn't sure what to make of that because I believed Hasselman would have wanted to talk to them and not me. I eventually realized that Hasselman simply wanted an update. The calls were usually short and to the point. If Hasselman wanted to talk to McKenna or Sparks he would simply ask me to have them call when they could. As weather conditions improved and operations returned to near normal, all the "brass" left, and Selkirk returned to business as usual.

The "Hot-Line"

On the lighter side of my recollections of the "hot" line, one night we had a derailment on the approach to the hump. After restoring operations, I filed an incident report. At 6:30 am Hasselman called and grilled me about the incident and before he hung up, he asked me why I showed "A. E. Perlman Yard" as the "location" on the incident report. At this point, his voice became a little sterner which slightly alarmed me (to be sure, any call involving Hasselman was alarming to begin with). I told him that there was a big sign as I entered the yard every night that said "A.E. Perlman Yard" so I figured that was the name that should go on the incident report.

That night when I returned to start my shift, I noticed that the sign was gone and replaced with a "Selkirk Yard" sign.

Apparently, that was the first he knew that sign still existed. I'm guessing Hasselman quizzed all the regions to see if any other remnants of the Penn Central still existed.

Here are some images I found to help make the point.

In April of 1978, after twenty-two months of working at three different jobs and surviving two historic snowstorms, I left Selkirk for New Haven, CT to join Charlie McKenna's staff in the newly created position of Regional Director of Planning and Control.

Postscript

At 12:01 am April 1, 1976, Conrail began operations with around 100,000 employees, 34,000 miles of track, 4,500 locomotives, 150,000 freight cars, and 2,300 cabooses. It was running 1,500 freight trains and 1,900 commuter trains a day. In addition to the corporate office in Philadelphia there were six regions composed of a total of twenty-eight divisions that geographically encompassed sixteen states and two Canadian Provinces. The editorial staff of *Railway Age* Magazine estimated Conrail was losing $1 million per day.

In Conrail's first annual report, Chairman Jordan reported that the startup was remarkedly free of service disruptions.

In addition to the severe winters discussed in this chapter, Conrail faced several other major disruptions:

- **Labor Strikes:** In 1977, the United States experienced a wave of labor strikes across key industrial sectors, many of which directly affected freight transportation. These included ongoing disruptions in coal mining, a major iron ore strike, and a significant dockworkers' walkout at East and Gulf Coasts ports. Labor unrest was widespread that year. The Bureau of Labor Statistics reported 5,506 work stoppages involving over 1.8 million workers across industries. The crisis these strikes caused the coal industry caused President Carter to invoke the Taft-Hartly Act.
- **The 1977 Johnstown, Pennsylvania Flood:** This flood was in the heart of Conrail's service territory, damaging rail lines, bridges, and yards in the Johnstown area. It caused a temporary halt in rail service because tracks were either washed out or buried under debris. Local industries, including steel mills and manufacturing plants, dependent on Conrail for raw materials and shipments, shut down for weeks or months, reducing freight demand.

Despite all of these major disruptions, Corail's financial loss in their first twenty-one months of operation was about what was proposed to Congress at the time Conrail was created.

Conrail made two extremely important additions to corporate staff in 1977 with the appointment of James Hagen to Senior Vice-President of Marketing and Sales, and Richard Steiner to Vice-President of Marketing. Their decision to segment freight traffic into eighty-five distinct lines of business will profoundly improve Conrail's overall marketing effort.

With approximately 85% of Conrail's employees being unionized, a herculean effort began to consolidate the 285 bargaining agreements covering those employees to 34 new agreements, each covering a single class or craft of employee.

Regional Director Planning and Control

Why This Position was Created

By 1978, Conrail realized that the budget and cost-control accountability needed drive profitability had to be decentralized to the regions and divisions. Up until then, budget construction and monitoring activities were performed at system headquarters in Philadelphia. The 1978 Annual Report announced this change on page fifteen:

> ***Operating Department Changes***
> *Over the first two years of Conrail's life, a concentrated effort was made to develop a capability to plan – an effort largely centralized at the headquarters level until 1978. During 1978, Conrail began to decentralize this management resource, placing people directly responsible for planning and monitoring operations improvement programs in the field, reporting to regional managers. This brings together the responsibility for identifying operational problems and the abilities to solve them, making the regions responsible for planning what is to be done and for doing what has been planned. Each region now has a team of budget, operations improvement and industrial engineering specialists who plan and implement operating changes to achieve a more efficient, service-oriented railroad operation. Change also took place on the divisional level during 1978. Each of the 21 operating divisions (reduced from 28 since conveyance) now has a team of analysts, planners and supervisors specializing in transportation, safety, and terminal operations.*

The primary mission of the Planning and Control group was to help division staffs plan annual budgets for maintenance of way, maintenance of equipment, train and yard operations, and division staffing.

Recall that the Northeastern Region had three operating divisions: New England, Mohawk-Hudson, and Buffalo. So, each Division had its own unique budget. In addition to that, the regional managers of maintenance of way and equipment maintenance also had budgets for projects they controlled such as locomotive and car renovation programs and rail and tie renewal programs. The consolidation of division budgets into regional staff budgets formed the total annual regional budget. The Northeastern Region had an annual budget of around $350 million (about $1.7 billion in today's dollars).

Our budget group consisted of four people, each specializing in the specific areas managed by the division superintendents. We also had a secretary to handle our administrative needs. We employed several statistical tools, including regression analysis to associate budget dollars with operating statistics such as loaded cars handled (a surrogate for revenue) and total cars handled (a surrogate for how much overall "work" was being done).

There were no computers in those days. The most sophisticated tool available was a hand-held Texas Instruments TI-55 programmable calculator.

The resulting operating statistics and associated costs formed the basis for the construction of the annual budget. Once approved, our group prepared monthly reports that compared actual performance to budget. In simple terms, our job was to bring fiscal discipline to decisions previously driven by habit or intuition.

In addition to budget related activities, we also worked closely with the Regional Operations Improvement staff tasked to work with the divisions to find ways to reduce cost.

When I arrived in New Haven, Bob Tallgren had already been installed as Regional Director of Operations Improvement. Bob was a West Point graduate who had seen combat in Vietnam. His group consisted primarily of industrial engineers. Our budget group helped calculate the anticipated cost savings for the projects his group proposed and incorporated those savings into the budget.

There was tremendous pressure throughout Conrail to reduce costs across all departments, regions, and divisions. The production of budgets and the attendant visibility at the highest levels of Conrail management did, in fact, turn out to be a significant driver in Conrail's eventual profitability.

I must admit I was concerned about being given this assignment. Moving to a staff job at that stage of my career did not fit the normal progression for operations supervisors. On top of that, I was the only non-accountant assigned as a regional budget director. Over time, I realized this was a valuable experience. Fiscal discipline became a defining part of Conrail's culture.

Some Stories

UTU Contract Negotiations

During my first few months on the job, Conrail started labor negotiations with the UTU (United Transportation Union). This was the union that represented brakemen and conductors. One of Conrail's main objectives was to reduce train crews from three people (one conductor and two brakemen) to two people (one conductor and one brakeman). Conrail's negotiating team proposed reducing crew size through attrition. The idea was that as trainmen left the workforce, Conrail could staff certain assignments with one fewer brakeman.

The proposal to make the reduction through attrition had roots in a job-protection concession that Penn Central negotiated with its unions in return for their support for the New York Central-Pennsylvania Railroad merger back in the 1960's. That concession basically secured lifetime income for the employees affected. Then, in the early 1970's, as the Federal Government explored ways to save the financially strapped railroads in the Northeast, Congress incorporated that job protection concept into the "The Regional Rail Reorganization Act of 1973". The section of the Act securing job protection for employees was titled "Title V". From then on, all protected employees were referred to as "Title V employees".

Senior management called on the regional budget directors to canvass all the divisions and identify assignments that could safely operate with a reduced crew and then calculate the expected annual savings. As we were going through the process of canvassing our divisions, I started looking at what we might expect as an "attrition" rate. Since all our employees were protected under Title V, only death and retirement contributed to the attrition rate. I scoured the trainman seniority rosters and calculated retirement rates based upon employee age and years of service. To estimate attrition due to death, I secured actuarial tables and applied them to our trainman database. What I found was that our attrition rate looked like it was going to be around 3%.

What I came to realize was that the combination of traffic lost to competing modes of transportation combined with our own internally driven goal to increase productivity would result in reducing train and yard assignments faster than we would be shedding employees through attrition. I predicted that reduced crew assignments would not occur for the foreseeable future.

When I was completely sure of my analysis of the situation, I informed Charlie McKenna. He in turn, told Hasselman and I was ordered to go to Philadelphia "immediately" to defend what I had predicted. I summarized my analysis in a white paper and headed to Philadelphia.

As it turned out, Hasselman had also been skeptical about the ability to create reduced crew assignments through attrition. I later heard he commented at a staff meeting that to be able to take advantage of the proposal, Conrail would have to freeze train operations at 1978 levels and cease the on-going reduction in train and yard assignments altogether.

My white paper merely provided the quantitative analysis that supported his intuition. I later heard that this revelation sparked considerable internal debate and that, in the end, a new proposal was crafted. This time Conrail proposed that management be allowed to sever brakemen by offering a cash buy-out. For each brakeman that agreed to take a severance package, a fixed amount of money would be transferred into a trust fund to be managed by the union. In addition, the conductor and brakeman who ended up working on the reduced crew would be entitled to a "missing person" allowance in addition to their normal pay. This new proposal, in effect, would reduce benefit costs and start reducing the size of the "Title V" work force.

In the fall of 1978, management and the unions agreed to this proposal.

A Dressing Down by the New President

In 1979, Richard Spence departed to become President of the L&N Railroad and a new president came on board: Stuart Reed, who had been recruited from American Motors.

As we were about to start preparations for the 1980 annual budget, Reed thought that if he made a whirlwind tour of all the regions while they were formulating their budgets, he could get a quick synopsis of what challenges each region faced. As a result, we budget directors were asked to prepare a presentation on what our challenges were and how we planned on meeting those challenges. We were told not to make formal presentations but rather prepare an informal briefing. After all, we still had a long way to go in the budget construction and approval process.

Then, one day, I got a call from my counterpart on the Atlantic Region, Paul Mosier. He wanted to give me a "heads-up" that his General Manager, Don Swanson (later to become Vice-President of Transportation), decided to lock everyone up in a room and produce a full-blown budget for Reed's visit. The Atlantic Region was first on Reed's scheduled tour with the Northeastern Region second.

When I informed McKenna of this, he called Dick Hasselman to get his opinion on whether he should also present a full-blown budget. After some discussion, Hasselman recommended we just prepare a briefing as originally planned.

So, I stuck with my presentation which consisted of bullet points hand-written with magic marker on clear plastic slides that were projected on to a screen from an overhead projector (a customary presentation method for the time).

On the day of the briefing, Reed, Hasselman, and a few from their staffs attended the briefing along with McKenna and the three division superintendents. About a third of the way through my presentation, Reed turned beet red, stood up, and declared how disappointed he was with what I had prepared. He then stated that he was not going to waste any more of his time and that as far as he was concerned, this meeting was over.

Pulling out his pocket calendar, he flipped to a date two weeks in the future and told me to be in his office in Philadelphia on that date with my completed budget. The silence was "deafening" as everyone collected their papers and left the conference room.

I returned to my office to tell my group how the session went: they were shocked. News of the disaster quickly spread throughout the company. I started getting deluged with phone calls

from all the other regional budget directors wanting to confirm what had happened. Many of them were mad because now their general managers wanted them to set everything aside and produce a complete budget for Reed's upcoming visit. I distinctly remember telling my wife that night that I was probably going to be fired.

Over the next several days, our little group buckled down and with the help of the division superintendents and regional staff, completed our budget just in time for the meeting with Reed. On the appointed day, McKenna and I arrived at Reed's office. This time I had "professional" slides and was prepared for any questions Reed might have.

To my astonishment, he had no questions. And as McKenna and I started to leave, Reed stood up, came from behind his desk, grabbed my hand and shook it vigorously. He told me that he was out of order with his criticism of me and only found out later that I was doing exactly what I had been told. He also complimented me on being able to take "heat" from him with grace. He finished our session by telling me that my presentation was the best he had seen!

I cannot adequately describe just how relieved I was!

Postscript

In 1979, Conrail posted a loss of $178 million, substantially better than the $385 million loss for 1978. But the financial plan submitted to Congress when they were crafting legislation had forecasted a profit for 1979. This result caused considerable skepticism in Congress about whether Conrail would ever achieve the objectives of the legislation.

In response to this, Conrail submitted a five-year business plan to the United States Railway Association. The plan predicted that no additional investment would be required. At a press conference following the plan's submittal, Chairman Jordan commented that "We are no longer trying to find a way to solve the problem. We are managing the solution." From that moment on, Conrail "owned" the plan. The urgency of the situation led Conrail began a campaign to eliminate regulations that prevented it from responding promptly changing market conditions. While this battle to wrest control of pricing from regulators was promoted by Conrail as a benefit to the railroad industry as a whole, many shippers and even some railroads were opposed to the idea. Conrail had to take the lead on this critical issue.

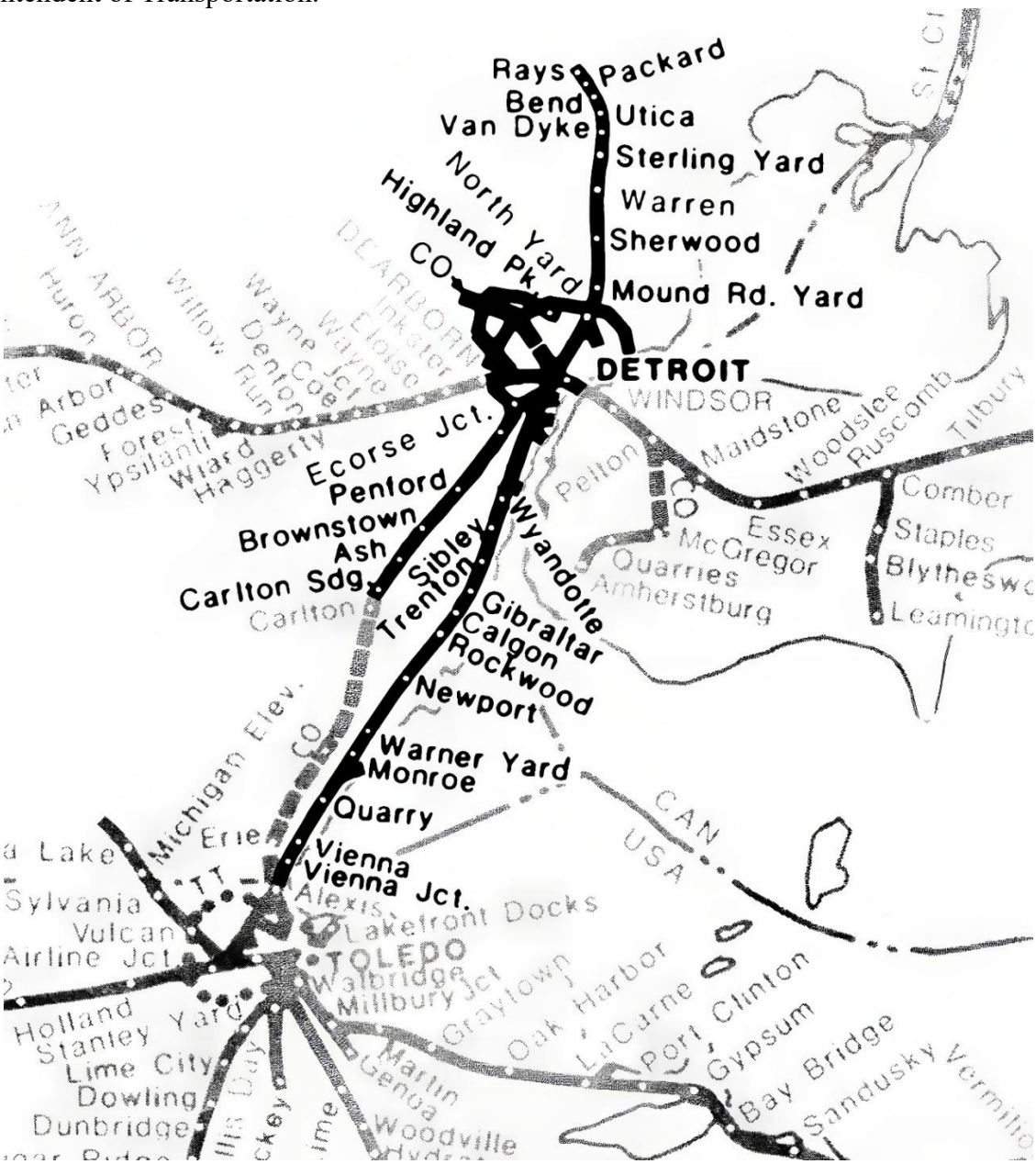
A number of disputes surrounding that landmark labor agreement of 1978 with the UTU caused a delay in its implementation. The core dispute stemmed from union members arguing that the 1978 agreement violated existing bargaining rules under the Railway Labor Act. Some claimed that crew reductions constituted a "major dispute" requiring mediation.

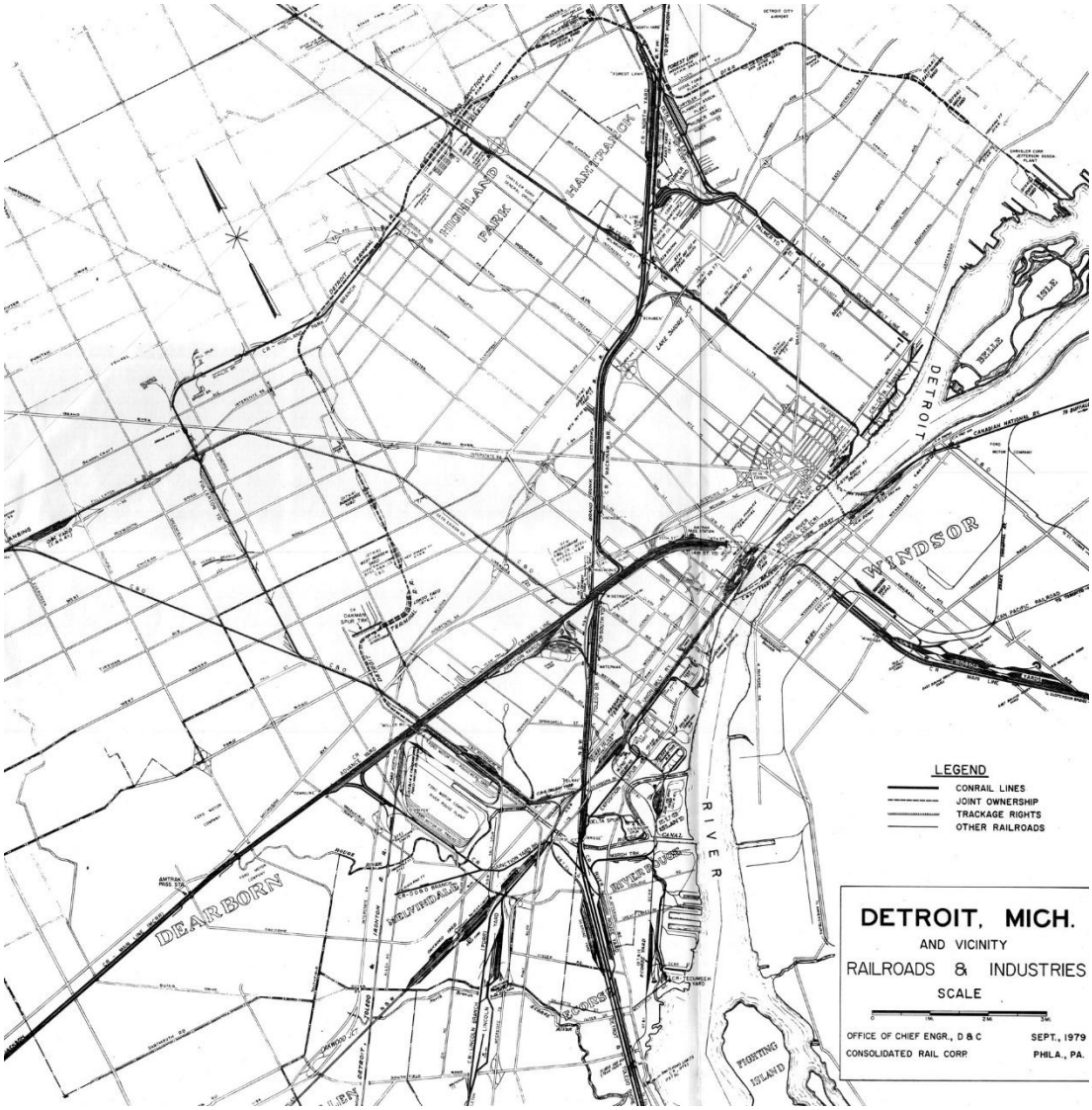
By mid-1980, arbitrations and preliminary court rulings favored Conrail, allowing continued implementation. But it took the passage of the Staggers Act in October of 1980 to totally resolve the issue.

The Detroit Division

To this day I have no idea whether Reed had any say in my next assignment. Four months later, on January 23, 1980, I was promoted to Assistant Division Superintendent for the Detroit Division. I was elated: I survived my time on a staff job and was headed back into line operations, where I really wanted to be.

The Detroit Division was one of three divisions in the Northern Region, along with the Canada and Michigan Divisions. Karl Kalsow was the General Manager, and Bob Gernon the General Superintendent of Transportation.





Detroit was geographically small compared to the other twenty divisions, but it was one gigantic yard complex (see maps above).

As with Selkirk, there were no handy maps of the yard and running tracks, so I made my own.

I did have one advantage starting my Detroit assignment that I did not have at Selkirk — I had been there before.

My father was District Transportation Superintendent for the Northern Region of what was then Penn Central, from May of 1966 until May of 1969. During those years, while I attended college, my father secured me a summer job in the Chief Regional Engineer's Office in Detroit. The office routinely hired summer students to support heavy construction season, and for three summers I traveled the division and region on engineering projects. This gave me a good perspective on the division and how it fit into the rest of Conrail.

Supervision

One exciting aspect of the Detroit Division was that the entire staff was young and new to our jobs. Alan Duncan, the Division Superintendent, had literally been promoted to that job just two weeks before my arrival. Rick Hill, the Master Mechanic, and Jim Kasprzycki, the Division Engineer, had not been in their posts very long before I arrived either. Both Merle Paxon, the Terminal

Superintendent, and Doug Greer, the Assistant Terminal Superintendent, were in their 30's. All the Terminal Trainmasters were quite young as well. The only "old head" was George Cochran, the Division Road Forman of Engines.

Being young turned out to be an advantage, because staying on top of the many activities in and around Detroit was exhausting. Our jobs became even more exhausting when Karl Kalsow decided that reform was long overdue on the Detroit Division. Management's relationship with train and yard employees was about to be strained to its limit. Because of the economic recession, there was an urgent need to reduce costs.

We knew we had to stress our relationship with employees — but not break it. And that took hard work, long hours, and steadfast resolve. I will elaborate more on that in some of my stories below.

Yard Operations

With Detroit essentially being one giant yard complex, yard activities dominated operations. Those activities were broken down as follows:

- General industrial switching
- Yard transfers
- "Time" switches supporting automobile production
- Road train makeup and breakup

The most notable yards performing these operations were:

- North Yard
- Junction Yard
- Lincoln Yard
- Tecumseh Yard
- River Rouge Yard
- Delta Yard
- Belt Line Junction Yard
- Sterling Yard
- Mound Road Yard
- Trenton Yard
- North Wyandot Yard
- Harper Yard
- Huber Yard

General industrial switching was simply yard crews placing and removing empty and loaded cars on the industrial sidings of the hundreds of companies doing business in the Detroit metropolitan area.

The yard transfer assignments were called "liners", and they served a variety of missions. Some liners transferred cars between yards. Others moved cars to interchange points around the metropolitan area. Still others ran on fixed schedules to support the auto industry. Regardless of the mission, any liner moving cars with auto parts, or finished automobiles for that matter, gained an added sense of urgency in their movement.

All the auto assembly plants required "time" switches meaning that individual cars containing critical parts had to be placed at specific unloading docks in the plant at designated times. Ensuring the liners and timed switches met the demands of the auto plants consumed our collective supervisory effort.

Road train makeup and breakup needs little further explanation except that for a variety of reasons almost every train had "hot" cars that needed special handling. The primary yards performing this activity were the two hump yards: Junction Yard and North Yard.

Train Operations

First a word about freight train symbols. In 1979 Conrail initiated a whole new train identification system, shedding itself of all the legacy train symbols. These train symbols consisted of four letters: the first designated the originating yard, and the last two the terminating yard. For example, JACI ran from Jackson, Michigan to Cincinnati, Ohio. LATO ran from Lansing to Toledo. DJPI ran from Detroit Junction Yard to Conway Yard in Pittsburgh. You get the drift.

Now back to my story.

The automobile companies set the pace and tone for train operations because of two principal needs:

They wanted on-site inventories to be as low as possible

- They never wanted to have a production plant shut down due to lack of parts

In total, the Detroit yards dispatched eleven trains per day to Toledo where they would then fan out across the railroad as follows:

- JACI and DJCI carrying cars destined for Selkirk, Buffalo, and Cincinnati
- DJTO carrying cars for Toledo
- DJIN carrying cars for Avon Yard
- LATO carrying cars for Conway Yard
- DREL carrying cars for Elkhart Yard
- DJPI carrying cars for Conway Yard
- DNMY carrying cars for Bedford, Ohio: Ford Stamping Plant
- DNSY carrying cars for Buffalo, Dewitt Yard, and Newark
- TV-26 destined Harrisburg
- DJCL carrying cars for Fairlane, Buffalo, and Selkirk

Aside from trains supporting the auto industry directly, there were several unit trains a day that either originated or terminated in Detroit that transported grain, coal, iron ore, and even coils of steel.

Some Stories

Those Damned Pagers

The intensity of the activity in Detroit was such that supervisors had to have a fast, reliable way to keep in contact with each other. We achieved that by issuing Motorola pagers to every supervisor. These pagers were compact rectangular boxes that we clipped to our belts. They were essentially small, battery-powered radio receivers that beeped when someone wanted to contact you. Here's how the paging system operated: if someone wanted to talk to you, they would call a dispatcher and ask that you be paged. The recipient of the page would then call that dispatcher to get the telephone number of the person wanting to talk to you. Remember there were no mobile phones in those days, so you had to have a good sense on how to quickly find a payphone and you had to carry enough change around with you to make all of these calls. And this was leading-edge communication technology of that time!

Every supervisor had a pager except Meryle Paxon: he had two. One that the dispatcher's office used and a second that only Karl Kalsow, the General Manager, used.

One night, Sandy and I went out to a fancy restaurant to celebrate our 10th wedding anniversary. In the middle of dinner, my pager beeped. I dutifully went to a pay phone. But for the remainder of our dinner that damn pager beeped at least six more times. After I ran out of change, I had to get more from the restaurant cashier. We resigned ourselves to quickly finish our meal and race home so I could continue to handle the calls. On the drive home Sandy told me that the people sitting at a table near us asked her if I was a doctor!

Those pagers remained a significant communication tool during the rest of my time at Conrail. But thankfully, within a year or so advancements in the technology allowed the pager to display the call-back number of the person trying to reach you, eliminating the call to the dispatcher altogether. And within a few years, a caller could leave a short message on the pager.

The Auto Industry Depression

The recession of 1980 stressed the U.S. economy. As a result of federal government policies, the nation experienced historically high inflation and interest rates. The Iranian Revolution caused oil prices to spike right at a time when the nation hadn't fully recovered from the 1973-1975 recession.

When I arrived in Detroit, mortgage rates were in the double digits. We were fortunate to secure a 7-year, balloon mortgage at 7 ½ percent. And when we left Detroit in January of 1981, over half the houses in our neighborhood were for sale. The only reason we were able to sell ours was because that 7 ½% balloon mortgage was "assumable". Otherwise, we would have taken a huge financial hit on the sale of our house.

Layoffs in the auto industry were so deep and pervasive that companies offered a brand new luxury car to anyone who bought the house of a laid-off manager.

It is with that backdrop that the rest of my stories about Detroit are fashioned. I mentioned earlier that Karl Kalsow decided to use the downturn as an opportunity to reform the labor-management relationship. For a variety of reasons, over a long period of time, supervision lost control over the train and engine work force. By that I mean, the respective goals of management and the employees had diverged and needed to be re-aligned. But the trick here was to achieve that realignment without breaking an already strained relationship.

Here is just a small example of that strained relationship:

One day I joined Bob Gernon, the Region General Transportation Superintendent, on a high rail trip. The trip began on the passenger tracks behind the Michigan Central Railroad building which served as both Division and Region headquarters. Our departure precipitated an exchange on the radio that went like this: "Hey is the Barnum and Baily Circus in town?" to which someone else followed up with a question: "Why do you ask?" and the punchline retort was: "Because I thought I just saw two clowns leave the depot". Numerous laughs then blanketed the airways.

Here are some of the challenges we faced that were clearly more serious than that radio chatter.

Personal Safety

In the early years of railroading employees were routinely exposed to hazards that resulted in death or disability. In 1908 Congress passed the Federal Employers Liability Act. This legislation gave railroad employees the right to receive compensation for injuries caused by railroad negligence. As disagreements emerged between employees and management as to what constituted "negligence" and "fair" compensation, lawyers entered the compensation resolution process.

Detroit stood out as a location where this resolution process, for train and engine employees, had become corrupt. By "corrupt", I mean that employees, union leaders, lawyers, doctors, and judges aligned in ways that ensured that every injury was treated as a major injury demanding maximum compensation. As a result, the Detroit Division had a horrible safety record.

To be sure, I am not saying that injuries did not occur. But what I am saying is that the management of injured employees followed a well-orchestrated, union-dominated playbook.

As an example, a trainman claiming an on-the-job injury either went home immediately or completed the assigned shift but did not return for the next assigned shift after reporting an on-the-job injury. That employee would then contact his union representative who would, in turn, contact the law firm retained by the union to handle injuries. The law firm would then refer the injured employee to a doctor they had retained.

At this stage in the process, the law firm would propose a settlement offer. Management would weigh the offer against the cost of litigation. Should management decide to litigate, then the law firm would shop for a judge known to render favorable rulings for injured railroad employees.

So far, what I have described is not too far out of line with the injury-compensation process company wide. But what separated how Detroit unions handled these incidents when compared to other areas on Conrail was that there just seemed to be a significant number of injured employees off work who were rumored to be leading otherwise normal lives. Many of those rumors got confirmed once management started engaging private investigators to track the activities of employees who were absent because of on-the-job injuries.

At this juncture one would think that once fraud was proven, management would then be free to terminate the dishonest employee. But union rules prohibited discipline without first conducting a "formal investigation".

In those days, an investigation resembled a civil court trial. The employee was served with papers specifying the alleged offense, a hearing was scheduled under contract rules, and union representation was allowed. A stenographer recorded the proceedings, creating a transcript that could later be challenged on procedural grounds. As with civil courts, a failure to conduct an investigation in accordance with the rules would be grounds for acquittal regardless of guilt. And there were no "do overs" for the same offense: no double jeopardy, in other words.

If the investigation passed all the structural hurdles, the employee could appeal discipline to the Labor Relations Board, a step equivalent to appealing to the Supreme Court. I was appointed to conduct all the investigations. Some we won, and some we lost. But in the end, we made the point that we were going to vigorously investigate all injury claims that appeared to be fraudulent.

In addition to investigations, we initiated a division-wide campaign to achieve zero lost-time injuries. After a couple of years of intense effort, the Detroit Division eventually achieved the best safety record on Conrail.

Detroit Yard Time, Quits, and Whirling

Detroit Yard Time, Quits, and Whirling were all pay-related schemes. Let's face it: there is a natural conflict between what an employee wants to earn and what management is willing to pay for the work being performed. As was the case with the management of injury claims, the train and engine crews in Detroit took that conflict to novel levels.

Detroit yard time was introduced years earlier as a means to compensate road crews for the extraordinarily long delays they experienced from the time they reported to work until their train departed. These delays occurred because "hot" cars were constantly being added to trains after the crews reported for duty.

At the time, a road crew's compensation was based on traveling 100 miles in eight hours, meaning once the train either traveled 100 miles, or they were on duty 8 hours, the crew earned the equivalent of a day's pay. This pay scheme originated when all locomotives were powered by steam and it took roughly eight hours prepare a train and move it 100 miles.

Because road trainmen and engineers' pay was based on the miles a train traveled, there was a risk that they would not be compensated for the time spent sitting in a yard waiting to depart. So, nationwide, all railroads agreed to compensate road train and engine crews for "initial terminal delay" in addition to the pay earned for moving the train.

Delays at Detroit yards became so severe that the unions demanded a punitive payment known as "Detroit Yard Time". The intent was to penalize management and encourage the elimination of delays. And, over time, management did succeed in eliminating some delays. But by the time management eliminated some delays, it was too late. The added pay had become baked into expected earnings. So now the tables got turned and the road crews found ways to guarantee they would continue to receive Detroit Yard Time no matter how hard management planned to avoid it. While we made some progress, we never really eliminated those punitive payments while I was there.

One time, during a visit by Stu Reed, he openly pondered that he could not understand why it took 12 hours for a train to travel from Detroit to Toledo, a distance of less than 100 miles: no one in the entourage even attempted to satisfy his curiosity.

"Quits" first started when supervisors would reward a yard crew for completing a time switch to the satisfaction of an auto plant manager. The "reward" was to allow the yard crew to go home early yet still receive a full day's pay.

Once quits caught on, the practice became widespread. However, the auto industry downturn made it impossible for management to continue allowing crews to go home early. Needless to say, this did not go over well with the rank-and-file, so supervision was put on "high alert" meaning we were out, on the ground with the crews and yardmasters around the clock, seven days per week in order to enforce the new work "ethic".

During this time, I distinctly remember going to the same McDonalds for dinner night after night, ordering the same meal: a Big Mac and a fish sandwich with fries and a soda. After leaving the drive-through, I would park and remain in my company car while I ate so I could monitor operations on my car radio. After a while I became a "regular" at that McDonalds and when I ordered the "surf and turf" dinner, the attendant knew exactly what I wanted! Fortunately, after a few months the elimination of quits became routine.

"Whirling" was something I had never heard of before I came to Detroit and never ran into again anywhere else in my career. Recall yard crews either had four or five crew members depending on whether the crew had a fireman, and as was the case at Selkirk, there were assignments where only two or three people were needed to get the work done. But unlike Selkirk, where the surplus crewmen passed their idle time in the locker room, on company property, the crew members of these assignments concocted a schedule among themselves where they took turns staying home while remaining on the payroll. This scheme became known as "Whirling".

I discovered this totally by accident one day when I noticed only three people working at a local scrap yard. So, I asked the conductor to show me his time slip. In those days, the conductor managed a crew and one of his responsibilities was to enter the names of his crew members on a payroll document called a "time slip". This time slip had five names entered on to it. When I asked where the other two people were the conductor sheepishly told me that they were home. Falsifying a time slip was a dismissible offense. I was dumbfounded. I told the conductor to remove the names of the crewmen who were absent and then scolded all of them. I told them that if I ever found this again, they would be fired. The next day I called a meeting with all the union leadership and gave them the same message. Word got around pretty fast! Not even the union could openly support this practice.

My Detroit experiences caused me to "invent" an axiom: "employees get the management they deserve, and management gets the employees they deserve". Successful organizations figure out how to deserve each other.

On January 1, 1981, after just a little over 11 months in Detroit, I was promoted to Division Superintendent of the Harrisburg Division. I was 32 years of age, and no one was more surprised about this than me!

Postscript

Two key events occurred in 1980 that, in hindsight, enabled Conrail to eventually become a profitable company.

The first was the passage of the Staggers Rail Act in October. The core goals of this legislation were:

- Rehabilitate the rail system for commerce and national defense.
- Reform regulation to preserve a safe, efficient, private-sector rail network.
- Balance carrier, shipper, and public needs through market-driven processes.
- Reduce excessive federal control over railroads while retaining safeguards against abuse.

The second key event was the retirement of L. Stanley Crane from the Southern Railway. Crane had been CEO of the Southern since 1976, and the company's strict retirement policy made him available to replace Edward Jordan who had planned to leave Conrail at the end of 1980.

Crane became CEO of Conrail on January 1, 1981. He hit the ground running and never stopped running until his retirement in 1988. There will be more about his impact on Conrail later, but with respect to the Staggers Act, Crane opined that this Act was key to the eventual privatization of Conrail.

The 1980 recession disproportionately impacted the Northeast, and Conrail reported an increase in losses from the previous year. However, Chairman Jordan, in his parting commentary (page 10 of the 1980 Annual Report), stated that the degree to which the company was able to reduce transportation costs in response to the decline in revenues was the single most significant accomplishment that year.

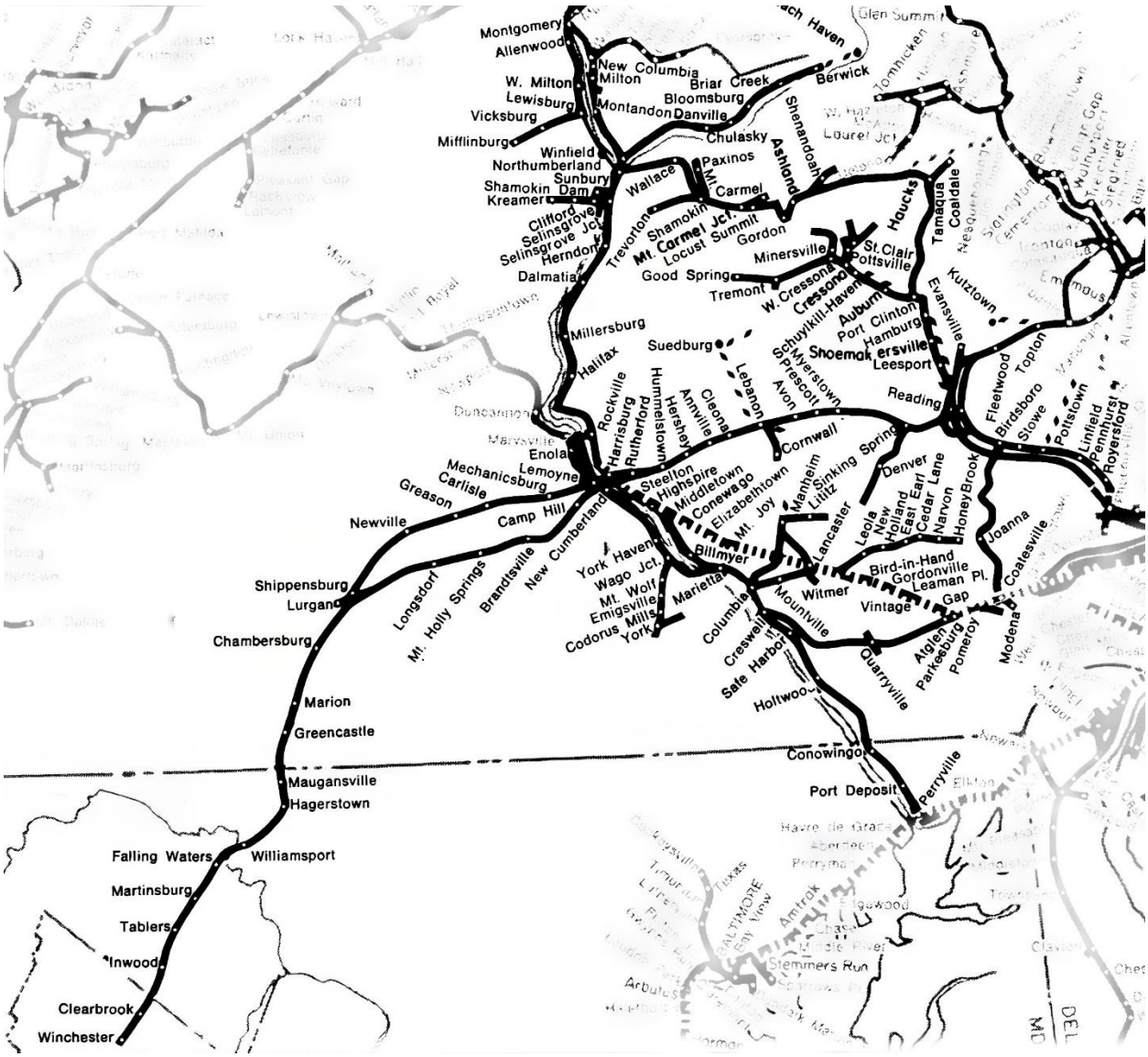
And other signs of progress started to become apparent:

- Only 93 miles of slow orders remained on Conrail's 5,110 mile core route network compared to 1,567 miles in 1976 (a slow order is issued when poor track conditions exist on a stretch of track)
- Conrail trains made their connections over 90% of the time in 1980, compared to 50% in 1979 when this metric was introduced
- Customers, on average, received their shipments "as promised" 80% of the time: up from 58% in 1979

During 1980, marketing initiatives improved both shipper satisfaction and financial results. A notable effort to address chronic freight car imbalances earned Conrail the "Golden Freight Car Award". This annual award issued by *Modern Railroads* Magazine recognized excellence in freight car utilization and innovative freight handling.

Lastly, in 1980, Conrail established a voluntary, non-contributary Employee Stock Ownership Plan in an effort to align employee interests with the company's interest in the quest to become a private, for-profit, company.

The Harrisburg Division



The Harrisburg Division was one of two divisions in the Eastern Region.

J. G. "Grant" Robbins was the General Manager. The Philadelphia Division, headquartered in Philadelphia and headed by David Schafer, was the other division. Bob Hoffman, Regional Manager-Passenger for the SEPTA Commuter Region, also reported to Robbins.

Robbins summoned me to his office in Philadelphia shortly after I arrived at Harrisburg. This was a most unusual experience. I waited in his antechamber for over an hour before he would see me. When I entered his office, he didn't offer to shake hands. He sat at his desk chewing on a cigar and staring as I approached. Before I could sit down, he said, "You were not my choice, I was ordered to take you, so, I guess you'll have do." He then told me to head back to Harrisburg. I never forgot that encounter. Robbins was replaced shortly afterward by Don Nelson, so I never ended up experiencing any fall-out from not being his "choice".

Supervision

The Harrisburg Division was made up of parts of the former Pennsylvania (PRR) and Reading Railroads. Because of the historic competition between the two railroads in that part of Pennsylvania, the division was littered with duplicate PRR and Reading facilities. Very little progress had been made in eliminating them when I arrived. At the division level, train dispatching and most division functions had been consolidated at headquarters. However, local Reading and PRR operations were still managed separately, as they always had been. Most unions had either consolidated their seniority rosters or were well along in doing so. The exception was the train and engine unions, where little progress had been made.

The Superintendent I replaced was Gus Lagerman, a former PRR superintendent who had been there when Conrail was created. His retirement provided the opportunity for me to be promoted to Division Superintendent. Gus had done quite a bit toward consolidating operations at the division level, but he didn't have enough time to take on other consolidation opportunities prior to his retirement.

The Assistant Superintendent was Phil Nouse, who came up through the PRR. Bill Pope was the Division Engineer, another alumnus of the PRR. Later, I will discuss the important role they played in consolidating and streamlining operations.

When Don Nelson assumed the General Manager position, he brought a sense of urgency about eliminating duplicate facilities and consolidating as many operating functions as possible. Don had previously held the position of Regional Manager of Operations Improvement on the Eastern Region and was willing to provide the resources necessary to make operational changes.

Closing Rutherford Yard

The fmost immediate challenge I was tasked with was to find a way to close Rutherford Yard and consolidate its traffic into Enola Yard.

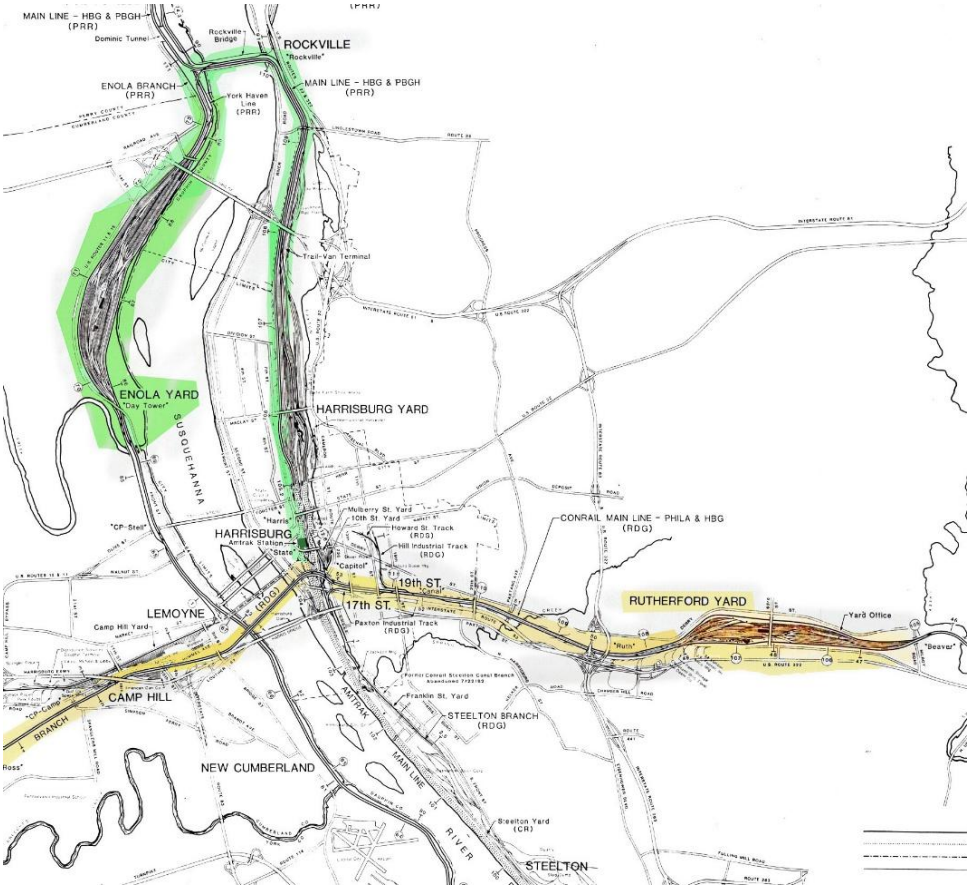
Enola Yard sat along the west bank of the Susquehanna River and had both an eastbound and a westbound hump.

Rutherford Yard, located across the Susquehanna River, had identical capabilities but handled less volume due to prevailing traffic patterns.

Both had been major yards for the former PRR and the Reading Railroad, respectively.

Rutherford Yard remained in operation primarily because there was no apparent way to route former Reading trains into and out of Enola Yard.

I will use the map on the next page as an aid in explaining the operational barriers we had to overcome in order to close Rutherford Yard.



If you focus on Rutherford Yard and follow the tracks to the left (shaded yellow), you cross the Susquehanna River on the Lurgan Branch, which was the main traffic route for the former Reading Railroad. So, the problem that needed to be solved was how to get trains from the Lurgan Branch on to tracks that would provide access to Enola Yard. A logical solution would have been to just connect the Lurgan Branch to the Enola Branch somewhere in the vicinity of where the two lines crossed west of the Susquehanna River. But that couldn't be accomplished because the tracks were bordered by buildings requiring removal. Where buildings weren't an issue, the elevation difference between the Reading and PRR tracks was too great to engineer a connection.

When I arrived at Harrisburg an equally urgent problem was the poor condition of the tracks on the Shippensburg Secondary. We were planning to spend hundreds of thousands of dollars to rehabilitate a former PRR line that literally paralleled the Lurgan Branch between Shippensburg and Harrisburg.

If we could route former PRR trains onto the Lurgan Branch and connect it to Enola Yard, we could eliminate those rehabilitation costs and abandon that section of track. We could also stop running trains through downtown Shippensburg, something residents had wanted for years.

As an added bonus, the large steam plant at Rutherford Yard could be shut down, saving roughly $1 million annually.

There was a relatively straight forward way to access the Lurgan Branch to avoid downtown Shippensburg but getting off the Lurgan Branch and into Enola Yard was a much more difficult problem.

For about a week, Phil Nouse, Bill Pope, and I walked and high-railed around the Harrisburg area searching for that elusive path from the Lurgan Branch to Enola Yard.

As it turned out, all the obstacles of urban infrastructure and grade separation differences between the PRR and the Reading tracks did indeed prevent the construction of a connection on the Enola Yard side of the Susquehanna River.

We eventually found a workable solution on the other side of the river. The new connection, later called "CP Capital," allowed trains from the Lurgan Branch to switch onto the former PRR main line and proceed to the Rockville Bridge where they crossed the river again to enter Enola Yard. Reversing the route allowed departing trains to connect back to the Lurgan Branch. The new route is shaded in green on the map above.

The creation of a shared route for PRR and Reading trains forced the train and engine employee unions to combine their seniority rosters.

Enola was a gargantuan yard. When built in the 1950's, the PRR heralded it as the largest yard of its type in the world. Operationally it stood in sharp contrast to modern hump yards like Selkirk.

Each hump had car retarder towers along the classification yard leads. These were manned by brakemen who adjusted car speeds using skill and experience. The yard had been designed when 40-foot boxcars dominated the fleet. Narrow track centers and tight turnouts later contributed to derailments when longer cars were not handled perfectly. And while it took up almost 400 acres of real estate, the river and surrounding topography prevented alterations that would have mitigated those car handling hazards. Nonetheless, Enola absorbed all of Rutherford Yard's traffic, largely due to the leadership of the Terminal Superintendent, Earl Williamson.

As for the rest of the division, yards of all sizes were scattered around the division, each with yardmasters, clerks, and crew callers supporting local operations.

Over the next year, division management focused on reducing as many employees at those outposts as possible. Some of the reductions were just attempts to reduce "body count" at specific locations while calling upon the remaining "bodies" to absorb the extra work. Another approach was to replace certain employee functions with printers and fax machines that received operational information from centralized locations. Needless to say, the affected employees were not altogether happy with these changes.

Train Operations

Road freight trains rarely bypassed Enola. Its mission was to sort out eastbound and westbound traffic for dispatch to major yards around the Conrail system. Enola received around 20 trains per day from some 15 different major yards and also dispatched about 20 trains back to those same major yards. Enola also originated five local trains per day.

Harrisburg handled eight Trail Van trains daily. While there was not a big enough market to either originate or terminate an entire train, they nonetheless served that market by adding and removing cars for their customers. Each Trail Van train had a published cut-off time for trailer receipt. The goal was to insure customers' cargoes met those cut off times.

Some Stories

Stan Crane Business Car Trip

L. Stanley Crane became Chairman and CEO of Conrail on the same day I was appointed as Division Superintendent. One of the traits he became known for was his effort to re-introduced senior management to their railroad by insisting on frequent road trips in a "business car" train. These trains typically consisted of two locomotives and four to six passenger cars where staff could meet, eat, inspect the railroad, and discuss operations. The division superintendent over whose territory the train traveled was invited to ride with senior management in the observation car that was always placed at the rear of the train.

I had not been on the division for a week when Mr. Crane scheduled a business car trip that included a portion of the Harrisburg Division. So, I "crammed" like I had never crammed before, preparing notes on customers, the nature of their business, revenue produced, and a host of other facts that might come up on the trip. I placed those notes in the breast pockets of my suit coat (in those days everyone wore suits and ties on all occasions).

After pleasant introductions, I boarded the business car special at Harrisburg for the start of our tour. Upon entering the observation car on the rear of the train, I silently chuckled when I saw my reflection in the business car windows: all those notes made the breast of my suit coat bulge.

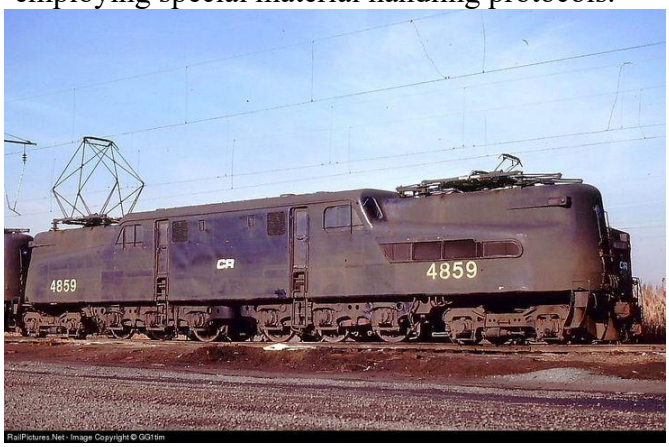
For a while Crane did not ask many questions and most of the ones he did ask, Hasselman would answer. Being so new to the division, his handling of these questions was not only helpful, but also informative to me as well. At some point during the ride, we passed under a major highway and Mr. Crane wanted to know the name of the highway. Neither Hasselman nor I could answer that question. Indeed, the last thing I thought anyone would ever ask would be something about a highway bridge! As it turned out, Mr. Crane started his career in bridge design and construction and that bridge simply caught his attention: he took our ignorance in stride.

Over the next few years, I would be with Mr. Crane on several other occasions; he always impressed me with his kindness and his gentle but firm demeanor around others. He made a point to shake hands with the people he met, and he had a keen ability to remember their names. These were qualities I tried to emulate throughout my career.

Retiring the GG-1's

In 1981, Conrail, for a number of reasons, decided to retire the former PRR electric locomotive fleet. These locomotives, designated GG-1's, were built between 1934 and 1943 and generated 5,000 HP each. Their unique design is the product of Raymond Loewy, famed industrial designer, who brought a "Art Moderne" look to the PRR's flagship locomotive fleet. Of the roughly 120 locomotive fleet, Amtrak acquired fifty, and Conrail used the remainder in freight service. Since Amtrak acquired the only repair facilities that could properly maintain these locomotives, their readiness for service largely depended on Amtrak's ability to service Conrail's maintenance needs. Amtrak constantly found itself conflicted because fulfilling the needs of the traveling public had to take precedence.

Another consideration in retiring this fleet of locomotives was that Conrail could retire the catenary system on lines that Amtrak did not use. Finally, these locomotives contained large quantities of PCBs used as transformer coolant. PCB production was banned in the U.S. in 1976 by the Toxic Substances Control Act because of their cancer risk. Continued use of PBC could only be accomplished by employing special material handling protocols.



Above is a GG-1 with its pantograph up and in contact with an overhead catenary

All of the GG-1's Conrail owned were rounded up and stored in a "surplus" yard located literally in the shadow of the Harrisburg state capital building where they remained for several months until a scrap yard in New Jersey agreed to take the locomotives, PCBs and all.

Fortunately, no one in the news media or the state government showed enough curiosity to inquire into why they were being stored in that yard. Disclosure of the amount of PCB in those locomotives would have probably created quite a controversy at a time when Harrisburg was still reeling from the aftershock of the Three Mile Island fiasco just two years earlier!

Computer Based Crew Calling

As I mentioned earlier, the Division was peppered with yards that had yardmasters, train and engine crew callers as well as other clerical positions. In our quest to reduce employment, Conrail wanted to eliminate as many crew caller offices as possible by replacing local crew callers with computer monitors managed from a central location.

The primary roadblock was an archaic labor-agreement rule requiring crew callers to physically go to employees' homes under certain circumstances. Those rules had to eventually be negotiated out of the labor contracts. But in the meantime, the train and enginemen needed to be convinced that a remotely controlled, computer-based crew calling system would be able to accommodate their needs just as effectively as their local crew caller.

So, one day we held a meeting with union representatives of all the trainmen, enginemen, and clerks who would be impacted by our centralized crew calling proposal. This meeting was held in my office.

The team that designed the crew calling system arrived from Philadelphia a few days ahead of time to conduct trial runs with division operations supervisors and to brainstorm questions that might come up at the meeting. One major concern was what would happen if a computer-based crew calling facility lost electrical power: would it continue functioning? The answer was yes — every facility would have backup generators in the event of a power loss.

Just as introductions ended and the demonstration began, a squirrel ran along an electrical service wire and electrocuted itself at an insulator feeding the building. The result was a total power loss. Seconds later, the backup generator kicked in, but the outage was long enough to crash the computer. After power was restored, all the information that was being displayed on the screens disappeared. With that, everyone got up and left.

What was really needed to make the system safe from power outages was an uninterruptable power source, such as a battery pack that could provide power until the generators came online.

It was a long time before the unions would be willing to meet again on this proposal!

Yard Elapsed Time

While at Harrisburg, Conrail began to focus on how long cars remained in yards before being dispatched. Although on-time train performance was improving, customer complaints and Per Diem payments remained high. So senior management wanted to begin measuring the dwell time cars were experiencing at all the major yards. The metric became known as "Yard Elapsed Time" and a standard of 24 hours between the arrival and departure for each car at each yard was chosen as a system goal.

The only problem was that there really was not any quick and easy way to produce management reports that could be used as an aid to achieve that goal. So, divisions started focusing on finding the oldest load, the oldest empty, and oldest foreign car on-hand at each yard which, in turn, got reported daily. That information came from yard clerks manually going through all the computer cards and waybills they had. And we were doing this at a time when we were laying off as many clerks as possible. This created a lot of cynicism to be sure. And in the end, that tiny bit of

information only started a series of questions that almost never lead to devising tactics that would achieve the broader goal of reducing yard elapsed time.

The computer group in Philadelphia developed an elapsed time report by yard. Unfortunately, it proved useless. Only thirty cars could appear on each report, and they were sorted alphabetically rather than by elapsed time. Nation-wide, rail cars were identified with an alpha numeric numbering system. The "alpha" part of the number was generally the company symbol of the car owner.

So, the sorting format the computer programmers established for these reports ended up containing mostly Conrail-owned cars because of the "CR" designation in the car number.

Frustrated, the division superintendents asked for a meeting in Philadelphia to give firsthand feedback on the faults with the reporting system. And did they ever!

The quality and content of the information in these reports was of no use in trying to identify the underlying issues of car delay leaving division superintendents vulnerable to the criticism from senior management as customer complaints and high Per Diem cost continued. In effect, the division managers were being held accountable for something they lacked information to control.

The folks in the computer department were stunned. They thought they were giving us important tools. The mismatch between "creator" and "end user" could not have been greater. To their credit, they quickly fixed the problem and started producing reports showing railcars in the yard by "elapsed time", with the oldest cars listed first. With that information, the reason for such delays could be determined and action plans formulated.

In the end, this whole "painful" exercise resulted in Conrail implementing an industry leading performance metric into its daily operations.

Morning Conference Calls

A system-wide ritual at Conrail was the morning conference call that took place somewhere between 6:30 AM and 8 AM, Monday through Friday. The calls originated from the "Blue Room" where Hasselman, Swanson, and their staffs all began their day at corporate headquarters.

Most of the time the Blue Room calls were placed to the regional general managers. But there were times the Blue Room called a division directly if something significant got screwed up the previous day or they wanted to make a point on a "hot button" issue. Those calls were never pleasant.

The Blue Room (pictured above) was manned 24/7 by Hasselman's operations staff and primarily monitored the movement of trains and the allocation of locomotives. But, each night, it also gathered the previous day's operating statistics from all the divisions. That information was then used to frame the conversations for the morning conference calls.

At division headquarters the entire division staff would start their day in a smoke filled conference room, sitting around a large table that had a speaker phone at its center. Picture the Division Superintendent, Assistant Superintendent, Chief Dispatcher, Master Mechanic, Division Road Forman, Division Engineer, and Safety Supervisor seated around the table with stacks of papers in front of them. Each had a cup of coffee, an ashtray filled with cigarette butts, and a nervous look. That was the "setting" for each morning call!

When I was on the Detroit Division, we almost never talked with Hasselman or Swanson: Karl Kalsow, the General Manager, handled the call. When I was at Eastern Region Headquarters as the "budget guy", I would sit in on the morning call so I could keep on top of events as they unfolded. And that experience gave me a sense of how the Blue Room selected and then focused on the "hot button" topics.

So now, as Division Superintendent, I felt I was ready to handle these calls. But on my very first day, I was not ready for the surprise my staff had in store for me. As we assembled in our conference room, Phil Nouse, my Assistant Superintendent asked me how I wanted to do "it".

Puzzled, I asked: "do what?". He explained that our briefing papers contained two sets of numbers — one set as reported to the region and Blue Room, and another reflecting actual performance.

As you can imagine, in some areas, the actual performance was not as good as the reported performance. And, apparently, the Harrisburg Division had been doing this for some time. The reasoning behind this "deception" was to avoid the morning tongue lashing inherent with poor performance and then use the "real" numbers to improve performance over time.

Having two sets of numbers was possible because there really was no way the Blue Room or the regional staff could challenge the validity of some of the numbers being reported: we were on an honor system.

I looked around the table and informed everyone that we were going to start using the real numbers from here on out. I detected a sigh of relief. It seems that people at the region or system level would occasionally follow up for a further explanation about something we had reported, and no one had a good answer for the apparent discrepancies in the answers being given.

But while this seemed to calm my staff down, it put the region and system folks in an uproar.

Eventually we started achieving the kind of performance we had been reporting, which took some of the heat off of us.

Christmas 1981

In 1981, Christmas Day fell on a Friday. And in a previous round of labor negotiations, the unions got Christmas Eve as a holiday too. So, in a move to cut costs, Conrail decided to begin curtailing operations on Christmas Eve and then shut down completely on Christmas Day.

Management and union employees alike looked forward to shutting down. For a lot of us, that would be the first Christmas we would be "free" to be with our families. Fully expecting to be home Christmas Day, my wife and I decided to hide our three kids' Christmas presents in the trunk of my company car.

Then, on Wednesday afternoon, while finalizing plans for the Christmas shutdown, one of the train dispatchers entered my office to tell us that we had just lost power to the catenary on the Enola Branch near Safe Harbor. Losing power had ominous implications. Within a few minutes we learned that a westbound freight train had rammed into a boulder and derailed all three of its (diesel) locomotives and the first thirteen cars in the train.

A couple of the crew members were reported to have sustained serious injuries, and sections of the catenary structure were destroyed in the wake of the scattered rail cars.

I immediately hopped into my car (with Christmas presents still in the trunk) and headed to the derailment site while the rest of the staff alerted track and mechanical forces and assembled a wreck train.

The accident site looked like a war zone. A giant boulder had rolled down a steep hillside and bounced over a rockslide detection fence, landing squarely on the rails. Along this stretch of the Enola Branch, rockslide detector fences were installed parallel to the tracks and were designed to set train control signals to the "stop" position in the event a rockslide disturbed them. Because the boulder somehow bounced over the fence, none of the signals governing train operations on that stretch of track changed to "stop". And as luck would have it, that boulder landed in the middle of a sharp curve which reduced the line of sight of the engineer and head brakeman on the train. To this day I do not know how they survived except through divine intervention.

Unfortunately, before I had a chance to call region headquarters with an assessment of damage and an estimate of when train operations could be restored, a regional staff member who happened to be near the site had already called in and suggested the line could be back in operation within 24 hours. Not knowing this conversation had occurred ahead of time, I got a tremendous amount of pushback when I recommended planning on detours for the next several days.

At the time, regional staff assessments carried more weight, and divisions were viewed as overly conservative. So, I was told to clean things up as quickly as possible.

As recovery operations proceeded, my evaluation started to prevail and by Christmas morning, after working continuously without rest for almost three days, I convinced region to let everyone go home and come back after Christmas.

The main obstacle to restoring operations was that the rock cut was so narrow that the derailed cars had to be extracted one-by-one. Normally at derailments, derailed cars are pushed aside so tracks can be repaired as soon as possible. Compounding that, the derailed cars were leaking their cargo of plastic pellets. Those pellets also had to be removed before track work could begin.

That is not snow on the ground in the bottom picture, that's the residue of the plastic pellets

With the cleanup operation shut down, I raced home hoping to arrive before the kids woke up. I recall nodding off from time-to-time from exhaustion, but (stupidly) continued on. Not far from home I drove off the road. Miraculously the car just spun around and remained upright as it came to a stop. The adrenaline rush woke me up, so I continued driving and arrived home in time to place the presents under the tree just before the kids woke up. After opening our presents, I went to bed and slept the rest of the day.

Salaried Force Reductions

While at Harrisburg, senior management tasked all the divisions to make a 5% reduction in salaried workforce. We were given about a week to implement those reductions.

There were a few lessons I learned from that exercise that stayed with me the rest of my career. The first one was that some of my direct reports thought that they could achieve their reductions by eliminating vacant positions on their organization chart. They argued that vacant positions were necessary for their organizations to function and that eliminating them demonstrated permanent reductions.

Being new to this sort of thing, I checked with Don Nelson, and he assured me that would not satisfy the intent of the layoff: real people had to be removed, and payroll had to be reduced.

After passing that "qualification" on to my direct reports they started to balk. They were adamant that there was no way they could make any more reductions to their staffs.

Then, on a morning conference call, Hasselman asked me about the status of our force reductions. When I told him we still had a little more work to do, he asked for a list of salaried employees and said that he would make the reductions himself if they weren't completed by day's end. As I looked around the conference room table, I told him that the reductions would be on his desk by the end of the day.

The reason I remember this is because l ended up using that same tactic on a number of occasions later in my career. Hasselman had handed me a useful tool whether he intended to or not.

On the Friday before Labor Day in 1982, Don Nelson phoned me, and told me that effective September 7, the Tuesday following Labor Day, I would be Superintendent of the Southwest Division in Indianapolis, IN. That surprised me a little because I had been at Harrisburg less than two years. Don was happy for me and thanked me for what we had accomplished. But he also reminded me that I was still the Division Superintendent of the Harrisburg Division until 11:59 PM Labor Day. I am sure he had a wry smile on his face when he said that, but the message was received and understood!

Postscript

In Mr. Crane's inaugural address to employees, he remarked: "When I accepted this position, many people asked why I didn't instead become a consultant, as many retired railroad executives do. Certainly, that would have been a simpler life, for Conrail faces many problems, it is true. But the shape of the solution is clear: Conrail must develop sufficient control of its costs and become discrete enough in its marketing to be a viable company. And I think that can be done. That's why I took this job." That brief comment presaged the many accomplishments Conrail made under his leadership and set the tone about his role as Chairman: he wasn't here just to give advice.

In March 1981, The United Mine Workers of America staged a nationwide strike that lasted three months, reducing national coal production by almost 50%. Conrail reported a 10% drop in total carloadings during that period.

The nation was heading into yet another recession that began mid-1981and lasted through almost all of 1982. Conrail responded in a number of ways.

On the labor front, Conrail laid off salaried employees and implemented aggressive cost cutting measures.

In May of 1981, Conrail got 13 of its 16 major unions to forgo the first 12% of any wage increases that had been previously agreed upon until July1, 1982. At the same time, all management salaries were frozen. These two actions were expected to save between $150 and $200 million. Mr. Crane personally committed to employees that repayment would occur at a later date and backed that up by posting those deferred wages as a liability of the company's balance sheet.

Despite the strike and the recession, the collective effect of these actions in conjunction with other positive changes set the stage for Conrail to post its first ever positive net income ($39 million) in 1981.

One of those "other" positive changes came to fruition through the use of an innovative sales and marketing approach called the "National Accounts Program". This program coordinated resources across departments to develop high-quality transportation services tailored to customer needs. In 1981, it generated more than $260 million in new business.

One successful new business venture that came to fruition out of that program involved capturing business that had traditionally been handled by waterborne carriers. That effort earned Conrail the 1981 Golden Freight Car Award for a second year in a row, an accomplishment no other railroad had ever achieved.

Conrail's car management system also continued to evolve.

By 1981, a network of Regional Car Management Centers tracked equipment in real time and modeled supply and demand to position cars where they were most needed.

Initially, the system focused on minimizing foreign and empty car movements. By 1981, Regional Car Management Centers tracked cars in real time and modeled supply and demand to position equipment efficiently. A sophisticated computer program not only tracked the fulfillment of car orders real-time but used that information to model overall car supply and demand. The model then made recommendations on how equipment should be positioned to meet likely demand. This was an industry leading approach to maximizing rail car use.

The Northeast Rail Service Act of 1981 relieved Conrail of commuter obligations allowed it to shed unprofitable assets and provided mechanisms to align workforce size with operations.

The year 1982 opened with a "roar", literally, as the Mid-west and Northeast once again became paralyzed by huge arctic air mass flows and their attendant snowstorms. In January, Chicago temperatures dropped to minus 26 degrees with windchills as low as minus 80. At the

same time, St. Louis was overwhelmed by a massive blizzard. While the northeast didn't have those conditions early in the year, a major blizzard did blanket the area in April.

And all of this unfolded as the recession that started in 1981 continued through most of 1982.

Taken together these events would test whether the benefits Conrail hoped to achieve from the Staggers Act and NERSA would actually materialize.

The Southwest Division

In the two minutes from 11:59 PM on September 6 to 12:01 AM on September 7, I left one of the Conrail's busiest divisions for one of the largest by geographic area. The Southwest Division was one of two divisions in the Southern Region, the other being the Columbus Division headed by Jack Kithcart. Robert Downing was the Regional General Manager and region staff occupied the same building as the Southwest Division headquarters in downtown Indianapolis. Bob Gernon, whom I had worked with in Detroit, was the General Superintendent of Transportation.

Supervision

Most of the division supervision in place when I arrived ended up not lasting very long. I had been asked to get to the bottom of why this division's accident and injury record was so poor. In the first six years of its existence, Conrail spent hundreds of millions of dollars improving tracks, rail cars, and locomotives. As a result, almost all divisions achieved high levels of on-time performance and low accident rates. The Southwest Division did indeed sustain a 95% on-time train performance. However, accident and injury rates remained unacceptably high and showed no improving trend. This was "puzzling".

What I discovered deeply troubled me. Before my first morning conference call, I learned that the division staff was keeping two sets of statistics. I could not believe that I ran into this

dilemma yet again! When we started sending in real performance numbers, I got severely criticized. On one morning call, Don Swanson chastised me with: "I thought you were sent there to fix things, not make them worse!" As with Harrisburg, I committed to getting the numbers where they needed to be.

Early on, I got the feeling that the "right people" were not in the "right job" on some of the key division staff positions. By and large, they all seemed quite capable, but their strengths did not align well with what their position required of them.

Then, I discovered, quite by accident, that the division had developed a culture of risk-taking that was not "healthy". Seems their high level of on-time performance resulted from undue pressure on speed over everything else. I learned there was a "100 MPH" club within the pool of locomotive engineers. Between Indianapolis and St. Louis there were long stretches of straight, flat mainline track. To become a member of the club the engineer had to get his train up to 100 MPH on one of those stretches. Official recognition for that accomplishment came from none other than the Division Road Foreman!

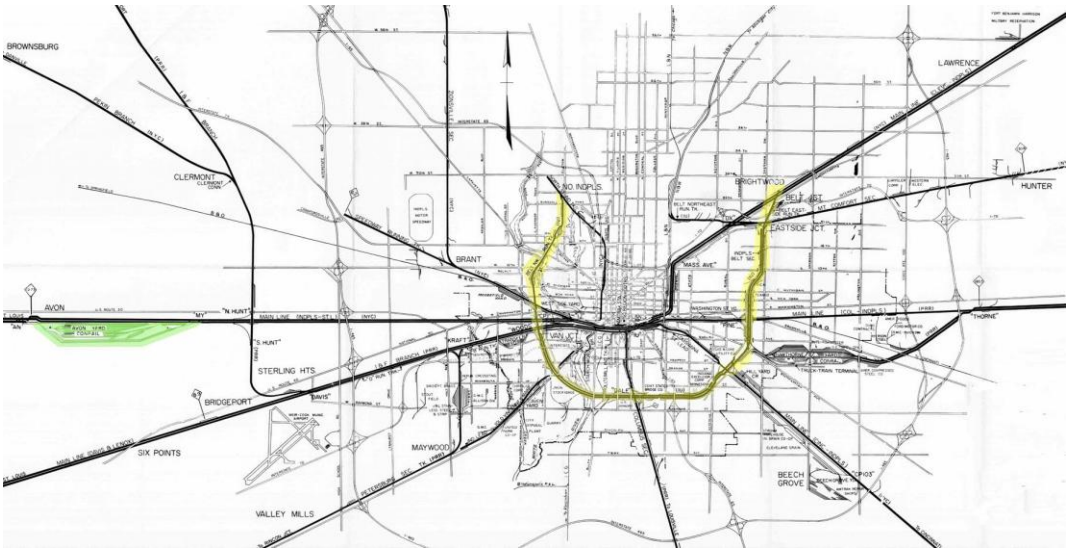
So, the fundamental issue boiled down to this: the same risk-taking behavior that caused accidents when conditions were poor continued even after track and equipment improved. That was why the accident rate never declined — and everyone in the division knew it.

I decided to overhaul the entire division staff. Some people would be fired, while others would be reassigned to roles better suited to their strengths. The scope of the change was so large that I presented my case to Bob Downing before acting on it. After all, I had been in the division less than a month! Being somewhat tentative about such a major change, Bob consulted with Dick Hasselman.

As it turned out, I got the green light to proceed on a Friday afternoon and I acted immediately. For the rest of my time in Indianapolis, that day was referred to as "Black Friday". Going forward John Mangus served as Assistant Division Superintendent, Bill Egan as Division Road Forman, Dan Pearson as Chief Dispatcher, Bill Flohr as Master Mechanic, Jack Sill as Division Roadmaster, and Dick Sibley as Safety Supervisor. This turned out to be a strong team that accomplished a lot.

Yard Operations

There were three major yard operations on the Southwest Division: the Indianapolis Belt Railroad, Avon Yard, and Rose Lake Yard. The Belt Railroad and Avon Yard were both located in Indianapolis while Rose Lake Yard was in East St. Louis, IL.



The Belt Railroad

Historically, the Indianapolis area developed into a hub for numerous railroads. To keep the peace among them, the Indianapolis Belt Railroad was established as a joint facility that encircled the city (shaded yellow above). After Conrail was created, the Belt Railroad became a part of the Southwest Division. This conglomeration of local yards in the Indianapolis metropolitan area was managed by Don Stamper, whose official title was Assistant Terminal Superintendent. He reported directly to John Mangus. Don was a strong, seasoned supervisor.

Avon Yard

Avon Yard is pictured above and shaded in green on the map

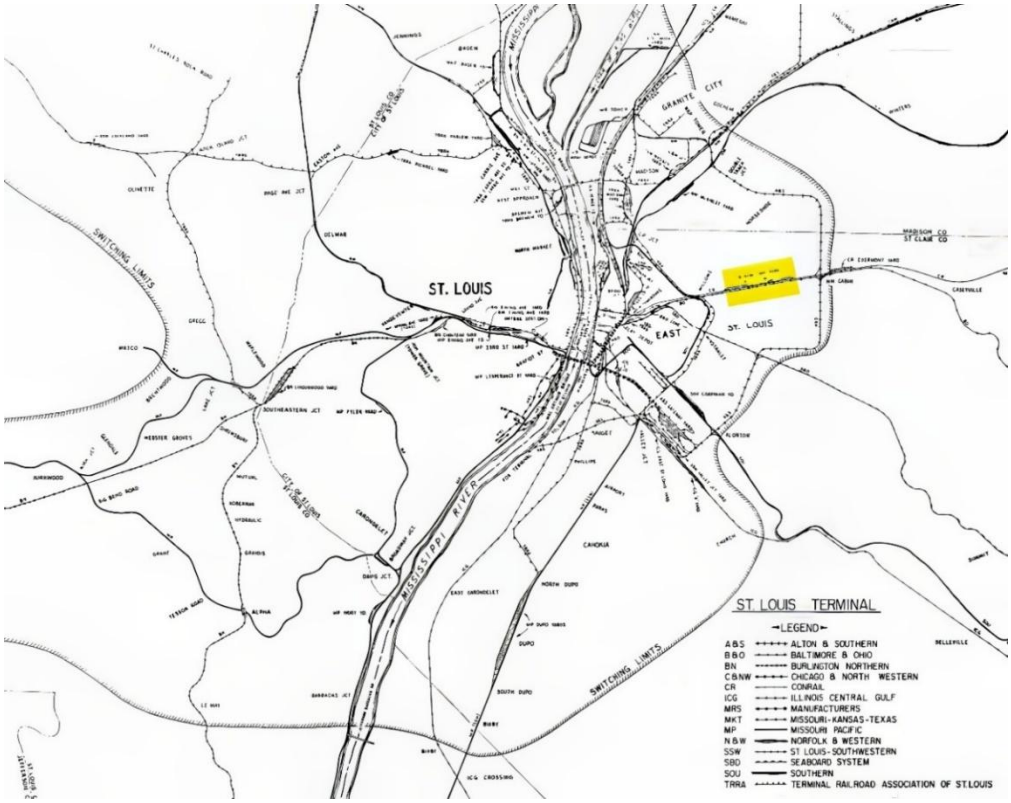
Avon Yard, a few miles west of Indianapolis, was a modern hump yard. Its primary role was assembling trains from cars received from western railroads for movement to major Conrail yards in the east. Its other major purpose was to assemble rail cars from the east into trains that went directly to interchange with foreign railroads west of Indianapolis.

The local folks referred to Avon Yard as “Big Four” Yard, a moniker that was a holdover from the days when the major railroad serving the area was called the “Big Four Railway”, the nick name for the Cleveland, Cincinnati, Chicago, and St. Louis Railway.

The yard covered nearly 500 acres and was capable of humping 3,000 cars per day. The 55-track classification yard supported forty-two separate classifications. Twelve of those classifications were for direct connection to western railroads.

The Terminal Superintendent was Mark Owens, who happened to be a son of Cliff Owens, Conrail’s Vice-President of Engineering. New to his job, Mark found himself on a steep learning curve at Avon.

Rose Lake Yard



Rose Lake Yard served as Conrail’s key gateway to western railroads, interchanging cars with the many railroads serving the St. Louis area. It also originated and terminated important Trail Van Train trains.

In 1983 Conrail invested $3.8 million to expand capacity at Rose Lake Yard. This followed a rapid increase in Trail Van business driven by an aggressive marketing campaign to compete with trucks.

While I was at Indianapolis, Conrail launched a program designed to improve customer service called “connection monitoring”. After years of focusing on yard elapsed time, the operating and marketing departments together concluded that some railcars remained in terminals for long periods by design. That is to say that those cars were held in yards waiting for their next scheduled move. So, together, they devised a system to measure “connections”. This tracked whether cars moved according to customer expectations.

Management reports were produced on “connections made”. In some cases, this led to revisions in train schedules to improve results.

I was not aware of any other railroad doing this and I honestly felt that Conrail was making real progress in harmonizing train operations with the markets they served.

Train Operations

Avon intercepted every passing freight train and created outbound trains made up of blocks of cars intended to travel as far as possible without being re-switched.

Avon also created blocks of cars to be set off enroute and picked up by other trains, avoiding re-handling at intermediate yards. They did this for both regular freight trains as well as Trail Van trains.

The Southwest Division handled two mail trains, TV-3M and TV-4M, that were part of Conrail's marketing effort to handle priority mail for the U. S. Postal Service on dedicated Trail Van trains. There was never an “excuse” for delaying these trains!

The main line had Centralized Traffic Control and 132-pound welded rail: a top-of-the-line operating plant in those days.

Crews departing Avon operated the full 236 miles to St. Louis, earning 2.36 days’ pay for the roughly five-hour trip. If they returned within the twelve-hour federal limit, they earned 4.72 days’ pay in a single tour of duty.

By union agreement, that “pool” of train and enginemen was “regulated” at 3,000 miles per month. This meant crews could earn a month’s wages by working only about seven trips per month. As a result, working in that pool was a coveted job. Avon was the “home” terminal for all train and engine employees working between Indianapolis and St. Louis meaning there were no train or enginemen stationed at St. Louis.

Some Stories

The Great Freeze of ‘83

In December 1983, we learned a hard lesson on how unprepared we were for severe winter weather. A surge of cold air swept over the Midwest that remains one of the most severe and widespread Arctic outbreaks in U.S. history. The cold wave brought 40 to 60 mile-per-hour winds and dropped temperatures from the mid-40s to minus 15 degrees in less than twenty-four hours. Wind chills reached minus 50 degrees. This Arctic air mass stayed in the area for an agonizing two weeks. The front moved so fast and temperatures dropped so drastically that every weak weld in the rail between St. Louis and Indianapolis snapped. The broken rails caused traffic control signals to turn red over major portions of the main line, effectively bringing train operations to a standstill.

The primary reason we were unprepared was that during the year we replaced virtually every gas vehicle in our fleet with a diesel vehicle. Because we did not know the severity of this storm ahead of time, the diesel fuel in their tanks had not yet been treated for cold weather operation, so none of these vehicles would start! It took a while, but we finally worked our way out of this mess. But a lot of egos got bruised along the way!

The Baltimore Colts Come to Town

When our family moved to Indianapolis in the fall of 1982, the city was a desolate place. Local residents had fled to the suburbs, leaving large swaths of the city filled with empty, abandoned houses. In fact, we ended up buying a house in Zionsville, a fast-growing suburb, even though my office was downtown and there were plenty of homes for sale nearby. No one wanted to live in the city.

City government leaders and major business leaders got together to devise a plan to reverse the flight from Indianapolis. One major company, Eli Lilly, in particular, recognized that to

compete globally and attract top talent, the city needed to shed its rust-belt image and offer a high quality of life: a vibrant downtown with cultural amenities and sports venues.

As Superintendent, I was approached by a developer who wanted to purchase some Conrail property near the passenger station. The parcel he wanted to develop would require us to shift our main line. After working with the appropriate departments, we struck a deal that generated land-sale revenue for Conrail and upgraded about five miles of main line. But one condition of the deal was that no one in our organization could disclose anything we might learn about the ultimate use for the land they acquired.

As the development progressed, what was known then as the "Hoosier Dome" started taking shape. Rumors abounded about what the dome stadium would be used for. Then, in March of 1984 in a surprise announcement, Indianapolis had "stolen" the Colts from Baltimore!

And the rest is history. After a "battle" of sorts, not only did the Colts prevail in remaining in Indianapolis, but their arrival acted as a catalyst that spurred the transformation of Indianapolis into a great place to live.

Stan Crane Business Car Trip

A life lesson worth recounting involved an exchange I witnessed between Mr. Crane and Cliff Owens, the Vice President of Engineering during a business car trip on the Lafayette Line that ran between Indianapolis and Lafayette, IN

Owens had responsibility for major system projects such as track, bridge, and signal construction and maintenance. Divisions had responsibility for the routine maintenance of such structures. By law, Conrail had a fairly free reign in determining which rail lines they would abandon. Conrail used an in-house economic analysis to identify abandonment candidates. Increasing maintenance costs was often the easiest way to make a line qualify.

Crane, keenly aware of that, personally scrutinized every line that became a candidate for abandonment. He subscribed to the abandonment concept but understood that a sizable amount of business originated on branch lines and the maintenance people should not be allowed to make their jobs easier by abandoning lines they did not "like".

On this particular business car trip, Crane showed great (and unusual) frustration. Owens proposed putting new rail, ties, and ballast on this entire branch line, which ended up making the line a "legitimate" candidate for abandonment. After reviewing the packet Owens provided, Crane rolled it up and gently clubbed him with it. "Damn it, Cliff", Crane said; "I want this branch line to last five years not thirty years. Give me a plan that accomplishes that!" As my career progressed, I used that encounter to formulate my own personal guidance: make sure you fully understand your boss's problems and then make them your problems as well.

My last Business Car Trips

There is another bit of irony in this story that connects back to the comment I made in the Prologue about my lifelong nexus with Conrail.

In 1983, Conrail met the NERSA-mandated profitability tests that, by law, set into motion a process to get the government out of the railroad business. That process was managed by the Department of Transportation, headed by Elizabeth Dole, who solicited proposals to acquire Conrail. After evaluating over a dozen proposals, the DOT settled on three: the Alleghany Corporation, the Norfolk Southern Corporation, and an investment group headed by J. Willard Marriott.

As part of their due diligence, the "buyers" toured the railroad on business car trains. I happened to be present on trips that involved the Norfolk Southern and Alleghany Corporation.

The Norfolk Southern entourage included Robert B. Claytor, CEO of Norfolk Southern. Crane and Claytor both spent their railroad careers together on the Southern and Claytor ended up replacing Crane when he retired. Claytor then engineered the merger of the Southern and the Norfolk and Western in 1982. The mixture of personal and professional dynamics between them was evident and obvious.

The goal of the NS due diligence was to see the physical plant and better understand how business was being conducted. They were not really interested in Conrail's management; they had their own management.

Fred M. Kirby II, Chairman and CEO of the Alleghany Corporation led his group. Here, the atmosphere was polite and professional, but there really wasn't a personal tone to everyone's demeanor.

The Alleghany Corporation had a long association with Northeastern railroads dating back to the 1920's and would have retained Conrail management to run the business, a corporate structure they had fostered over the years.

In the end, none of three candidates acquired Conrail.

As I was planning this "story", I decided to briefly point out a few more of my fascinating connections to Conrail.

First, right after I retired, I met Walker Kirby, Fred's wife, at a neighborhood gathering. Fred had passed in 2011, and Walker was delighted to hear my story of meeting her husband on that business car trip. Later, in a conversation with my father about my encounter with her, he told me about his connection with the Alleghany Corporation. In 1954, Robert Young initiated a proxy fight to take control of the New York Central. My father was a trainmaster in Watertown at the time and attended meetings supporting the takeover. Fred Kirby's father was President and majority stockholder of Alleghany and backed Young's effort.

But the nexus with the Kirby family actually goes back even further to the 1870's when Fred Morgan Kirby worked with F. W. Woolworth at the Augsbury & Moore Dry Goods Store in Watertown! Kirby partnered with Woolworth as his "Five and Dime" empire grew and ended up pouring the wealth he accumulated from that partnership into the Alleghany Corporation.

My Last Conrail Story

In the early 1980's, the life of a division superintendent was very demanding. The typical work week involved being in the field from Monday through Friday. Saturdays were usually spent in the office catching up on paperwork, and Sundays were reserved for reading reports at home. That left Sunday afternoon for family time.

This "work week", virtually identical for every division superintendent, became the accepted work routine and, at the time, was not viewed as particularly onerous. In fact, in a strange sense, because division superintendents achieved so many positive results from our efforts (headquarters' carping over trivial issues aside) our jobs were, by and large, quite rewarding.

While reading one of those reports on a Sunday in the summer of 1984, my oldest child, Spencer approached me and exclaimed, "Dad, you need to spend more time with us!"

He was just nine years old, and in those nine years we had already moved five times.

I sat dumbfounded for a moment, then put my work away.

We had two boys and a girl ranging in age from two to nine and a brand-new puppy named "Choo-Choo" that I literally found on railroad property during an inspection tour few weeks earlier.

Over the several days, I began to come to grips with just how profound Spencer's remark was.

In my own family life, my two brothers and sister hated moving. It had a grave impact on their lives while growing up and a certain level of angst associated with those moves prevailed in

their relationship with our parents. Not one of them stayed with our family long enough to graduate from high school. My two brothers went into military service, and my sister returned to Watertown, NY and got married.

As for me, I was so young when we started moving that "moving" became the norm. As a result, I never developed lasting relationships with siblings or friends. The only real friend I ever had, I married. And she was the "rock" of our family.

Then, within about a month or so, a solution to this dilemma started to unfold when I returned a call to an individual I did not know but who had left several messages for me. The caller was a headhunter retained by Midland Enterprises, a barge line in Cincinnati, seeking someone with railroad experience to manage its river terminals. All of those terminals were engaged in transloading cargo from rail to barge. The company was growing and felt it needed someone with railroad experience to oversee the terminal operations and to communicate with the railroads serving them. My name surfaced in this search.

During company interviews, I learned that Midland was the second-largest barge line in the country and that it was headquartered in Cincinnati, making relocations unlikely. So, I jumped at the opportunity.

In September 1984, we moved to Cincinnati to start a new life, and we remained in Cincinnati for 15 years, which allowed our family to settle down and settle in. All our children stayed in the same school system and went on to college.

My wife took a job at a local high school and finally became the math teacher she always wanted to be. As for me, Midland not only sought someone to manage their terminals, but, as it turned out, they were also looking for someone to replace the retiring Vice-President of Operations. After being "tested" with a series of specific assignments, I was promoted to Vice President in August of 1987.

When Sandy and I became empty-nesters in 1999, we moved to Vancouver, Washington, where I began another career as CEO of Tidewater Barge Lines. Tidewater had some significant business issues that had to be resolved in order to survive. Once the company became stable, I somehow got on a "calling list" and over the next decade ended up being recruited to be CEO of three other "distressed" companies before retiring in 2010.

Postscript

Despite all the challenges of the 1981-82 recession, Conrail posted its second consecutive profitable year in 1982, with net income of $174 million.

Here are some significant accomplishments that contributed to that financial performance:

- The expedited abandonment process allowed Conrail to shed 15% of its total route miles, saving $62 million.
- Legislation enacted to help Conrail reduce employment resulted in the elimination of 2,900 protected employees, reducing labor costs by about $62 million annually.
- The average elapsed time railcars spent in terminals dropped from thirty-two hours in 1979 to about nineteen hours by the end of 1982. This reduction produced an estimated $39 million in per diem savings.
- On-time train performance rose to 83%, a tremendous improvement over the dismal 40% performance in 1979. This increased on-time car deliveries to customers from 67% in 1978 to 81% in 1982.
- A program designed to encourage industrial development led to 200 companies expanding or locating on Conrail. These projects had the potential to generate $65

million in annual revenue. And efforts to secure long term transportation contracts guaranteed $300 million in a ratable, predictable revenue stream.

- Using the sales and marketing tools that became available with the Staggers Act, Conrail raised rates on commodities being hauled at a loss, lowered rates temporarily to sustain some businesses hurt by the recession, and selectively targeted commodities moving by truck.
- Freight claims, a major source of contention with shippers, were cut in half from 1978.

Because NERSA terminated Conrail's obligation to manage commuter operations, it started 1983 as a freight-only railroad with 39,000 employees. And with the Great Double-Dip recession largely behind them, Conrail achieved a record net income of $313 million.

Here's some of the drivers of that exceptional financial performance:

- From 1980 to 1983, the transportation cost per car handled dropped by 26%
- Since the passage of the Staggers Act in 1980, Conrail secured over 700 service contracts, generating 13% of its total revenue
- The program started in 1982 to target truck competition caused Trail Van volumes to increase by 25%.
- In May 1983, the Interstate Commerce Commission (yes it was still around, but not for long) approved Conrail's recommendation to deregulate boxcar traffic, opening up opportunities to improve profit margins on that business segment.

Epilogue

The story of Conrail is closely tied to two pivotal events in American railroad history. The first was the creation of the Interstate Commerce Commission (ICC) in 1887, which Congress established to shield the nation's growing economy from monopolistic railroad practices.

Born out of necessity, the ICC fostered prosperity by making railroad transportation widely available and affordable. Yet, like many regulatory bodies, it lingered beyond its prime and became a bureaucratic straitjacket that stifled innovation and suppressed competition. In the case of the railroads that later formed Conrail, it even contributed to their economic collapse.

The other pivotal event is the Staggers Rail Act of 1980, which dismantled much of that regulatory regime and granted railroads the freedom to set market-driven rates, negotiate contracts, and abandon unprofitable lines.

However, if the story of Conrail ended with the passage of the Staggers Act, its emergence as a highly successful and profitable railroad might never have occurred. Instead, strong leadership was required to take full advantage of the changing regulatory environment.

Beginning with Edward Jordan, Conrail benefited from an experienced turnaround manager who worked effectively with a willing legislature. During his tenure as Chairman, he brought in talent from outside the railroad industry who took take a fresh look at the business of railroading.

When Stanley Crane arrived, his reputation as an innovative, no-nonsense leader preceded him. His forceful testimony before congressional committees helped shape the Northeast Rail Service Act (NERSA). This law eliminated the final major obstacles to profitability and eventually lead to the passage of Conrail Privatization Act of 1986.

I want to briefly discuss the contributions of a few other senior officers whose impact could easily be underappreciated compared to Jordan and Crane. Nonetheless, they made tremendous contributions to Conrail's post-Staggers Act success.

James A. Hagen who served as Senior Vice President of Sales and Marketing and Richard H. Steiner, as Vice President of Marketing both arrived in 1977. Together they applied the new sales and marketing freedoms provided by law and transformed how railroads integrated sales and marketing into operations. These accomplishments occurred so efficiently, and with minimal missteps, that no other railroad adapted to the changing market faster than Conrail.

Another senior officer who greatly impacted Conrail was Richard B. Hasselman. He started as a brakeman with the New York Central in 1952 and retired thirty seven years later as Senior Vice President of Operations. I had a lot of interaction with Hasselman while at Conrail — some positive, some negative. Bottom line, he worked hard and dove deeply into the details of any operational issue. He expected the same from everyone in his organization. While it didn't always feel that way at the time, you were a better supervisor after working with him.

One trait he was famous for was how he handled correspondence. He didn't waste time or words on correspondence. He typically replied with short, terse notes handwritten in red ink in the margin of the original letter. For the rest of my professional career, I adopted that style for my own use.

The organizations led by Hagen, Steiner, and Hasselman produced results that made Crane a credible spokesman for Conrail. In the process, they reassured a nervous Congress that Conrail would fulfill the goals of the 4R Act.

In closing, it's important to understand that the people portrayed, and the stories told in this book represent only a small portion of Conrail's workforce. I have always had a great deal of

admiration for the men and women who had their resolve tested during Conrail's first formative years. And because of that resolve, not only did Conrail survive, but it thrived.

I want to end this book with this thought: ultimately, an organization is not defined by adversity, but by its response to it. That is the true legacy of Conrail.

Postscript

After my departure from Conrail in 1984, the railroad continued its remarkable turnaround. The following are some of the major achievements and milestones during this period:

- **1985–1986**: Conrail maintained strong profitability during 1985-1986, with annual net income of $431–$500 million despite economic challenges. The company continued aggressive cost controls, fleet modernization, and service enhancements. In 1985, management proposed a public stock offering plan. Debates over that proposal led to the passage of the Conrail Privatization Act in 1986, which directed the Secretary of Transportation to sell the government shares through a public stock offering. (IPO)
- **1987**: The IPO took place in March 1987, raising $1.65 billion — the largest initial public offering in U.S. history at the time. This event marked the successful conclusion of this federal experiment, with Conrail now fully independent and investor-owned.
- **Late 1980s**: Under continued strong management, Conrail solidified its position as one of the nation's most efficient Class I railroads. It focused on intermodal growth, commodity diversity, and workforce productivity, while consistently posting solid profits and investing in infrastructure and technology.
- **1990s**: During the 1990s, Conrail thrived as a major freight carrier in the Northeast and Midwest, becoming known as "Big Blue" for its distinctive livery. It expanded intermodal services, including double-stack container trains, and maintained strong on-time performance. By the mid-1990s, Conrail operated roughly 21,000 route miles and employed about 19,600 people.
- **1997–1999**: In 1997, amid a wave of rail megamergers, CSX and Norfolk Southern agreed to jointly acquire Conrail. After regulatory review, the Surface Transportation Board approved the transaction. The two railroads took administrative control in August 1998, and on June 1, 1999, formally divided Conrail's assets.
- **1999:** As a condition of the sale, the Surface Transportation Board mandated the creation of a neutral carrier and switching company to preserve rail competition in three densely industrialized regions: North Jersey, South Jersey/Philadelphia, and Detroit. This entity, Conrail Shared Assets Operations, is jointly owned by the NS and CSX in the same ratio as the divided Conrail assets and does business as "Conrail".

Conrail's journey from government rescue to private success — and eventual division — remains one of the most dramatic turnarounds in American railroad history. Its legacy endures in the infrastructure and operations still maintained by CSX and Norfolk Southern today.

About the Author

Stephen Frasher is retired and currently resides in Hillsborough, North Carolina.

During his professional career he worked in the railroad industry, the barging and shipbuilding industries, and the forest products industry. As his career progressed, he and his family moved 16 times, residing in cities on the East Coast, the Midwest, and the West Coast of the U. S. Before retiring he also lived and worked in Vancouver, British Columbia.

He started at Conrail in August of 1976 as a Trainmaster at Selkirk Yard. During the eight years he spent with Conrail, he held six different positions in five different locations. His last position was Division Superintendent of the Southwest Division on Conrail's Southern Region, headquartered in Indianapolis, IN.

After leaving Conrail in 1984, he moved to Cincinnati, OH to work for Midland Enterprises, the second largest inland river barge line in the U.S. at that time.

Beginning in 1999, he accepted a succession of CEO assignments at four companies that were being challenged by various types of "distress": Tidewater Barge Lines in Vancouver, WA, American Commercial Lines in Jeffersonville, IN, the Washington Marine Group (now known as Seaspan) and finally Western Forest Products, both headquartered in Vancouver, British Columbia.

All those companies recovered from their "distress" and are still in existence today.

He credits his experience at Conrail as fundamental in preparing him for the challenges he faced throughout his career.

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The Conrail Historical Society

If you would like to join and/or donate to an organization dedicated to preserving the history of Conrail, please visit this website: https://www.thecrhs.org/

Appendix

Articles on the Winters of 1976, 77, and 78
Conrail Visitor Guide to Selkirk Yard
Summary of Legislation

CONRAIL

Special Weather Edition

February, 1977 | Published by the Public Affairs Department for Conrail Employees | Special Edition

Conrail Fights Through Disastrous Weather

The headlight of a relief train appearing in the snow in the middle of the night.

A special train to supply needed gas for home heating and cooking.

The delivery of newly mined coal to keep a utility operating.

A rotary snowplow blowing a plume of snow high into the air.

Expedited fuel oil movements to keep a hospital open.

Employees working long hours in bone-chilling temperatures to keep Conrail trains moving.

Others working and sleeping in their offices, for days on end, to keep shops and terminals operating.

Planes grounded, highways and roads closed by storms and drifting snow. State and local police stopping all motorists to turn them back. Places declared disaster areas and National Guard troops moving in to help.

These were just a few of the scenes that developed as Conrail fought to dig itself clear of one of the most severe winters in the Nation's history and keep its rail lifelines open.

Four Storms In All

In total, the railroad has been rocked by four severe, blizzard-type storms since late November. The first on November 30, dropped 66 inches of new snow on Buffalo in a 24 hour period, and affected operations to varying degrees across the 16 states, two provinces of Canada and the District of Columbia, the area served by Conrail.

While movements in the freight yards of Buffalo were severely curtailed, the railroad maintained operation through the diversion of trains from other points on the System around the area, and by pre-blocking cars for the individual yards and Conrail's connections in that area.

Snow continued to fall in the area throughout the following weeks. During the period, Conrail operations continued on a nearly normal basis for winter. Even so, during this period the emergency blocking measures were cancelled and reinstated several times to meet changes in local conditions.

Storm Number Two

The second severe storm hit Conrail at Buffalo on December 30 and held until the 31st. Again, yards stayed open and the emergency blocking procedures were reinstated to relieve the situation. Varying weather conditions, almost identical to those which followed the November storm, persisted over the next two weeks.

Storm Number Three

On Saturday, January 15, the most severe winter storm up until that date struck, and this time its effects were felt system-wide, with sub-zero temperatures and wind-chill factors in the -50's reported from all major points.

Yards at widely separated cities closed for short periods. Industrial switching proceeded, but at a very slow pace at all points because of frozen switches, interlockings and deep snow drifts.

The Buffalo area again was the hardest hit. All yards closed and no industrial switching was performed in this area for three days.

A run-through arrangement was reached with the N&W on January 19 to relieve the backlog of cars in the Buffalo area, with interchange at Bay View, rather than Bison Yard.

During this same period, Buffalo traffic moved west on through trains to Selkirk Yard. There, the traffic was blocked

(Continued on Page 3)

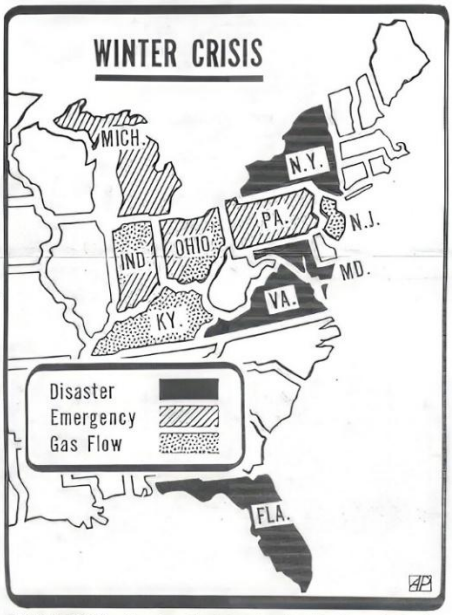
PHILADELPHIA PENN 2-15-77 EC

NOTICE TO ALL EMPLOYEES

TO ALL OF YOU WE WOULD LIKE TO EXTEND OUR PERSONAL THANKS FOR YOUR STRENUOUS AND EVEN HEROIC EFFORTS IN KEEPING THE RAILROAD RUNNING THROUGH THIS WINTERS SEVERE WEATHER CRISIS. WITHOUT YOUR DEDICATION AND CONTINUAL HARD WORK WHICH HAS KEPT SOME OF YOU AWAY FROM YOUR FAMILIES AND PERSONAL COMMITMENTS FOR DAYS AT A TIME CONRAIL WOULD HAVE SUFFERED EVEN GREATER DISRUPTIONS OF SERVICE AND FINANCIAL LOSSES THAN WE HAVE. WE HAVE RECEIVED REPORTS OF OUTSTANDING COOPERATION ON THE PART OF ALL OF YOU FROM THROUGHOUT THE SYSTEM AND YOUR DEDICATION TO SEEING CONRAIL THROUGH THIS EMERGENCY IS DEEPLY APPRECIATED. TO EACH OF YOU THEN THANKS. IT HAS BEEN A JOB WELL DONE AND AUGURS WELL FOR OUR FUTURE.

EDWARD G. JORDAN CHAIRMAN AND CHIEF EXECUTIVE OFFICER

RICHARD D. SPENCE PRESIDENT AND CHIEF OPERATING OFFICER.



WINTER CRISIS — Map shows the states where President Carter declared disaster areas (black) due to frigid weather and snow. States shaded with lines were declared emergency areas by the President. Stippled areas show states where the natural gas shortage had eased, at least temporarily, when map was published on February 7 by Associated Press. (Wide World photo)

JET STREAM of snow is blasted clear of track by rotary plow at a Buffalo yard. (Fred Furminger photo)

Cooperation The Key

Cooperation meant survival as parts of the Northeast and Midwest struggled to dig out from under one of the worst winters in memory. Conrail employees helped meet emergency needs in many communities, and the public, in turn, came to the aid of the railroad.

Three Conrailers out of Watertown, New York, worked with community officials to get food and medicine to two northern New York towns isolated by mountains of drifted snow. Working on their own time, Trainmaster John Kane, Road Foreman of Engines Joseph Bartelson and Supervisor of Track Frank Pullis delivered food to Antwerp and medicine to Evans Mills.

Traveling by snowmobile, the three collected food and medicine from the Watertown Civil Defense. They then obtained special permission to run a snowplow train the 12 miles from Watertown north to Evans Mills to drop off insulin, and on to Antwerp, 14 miles further to the north, to deliver a 3-day supply of food for that community.

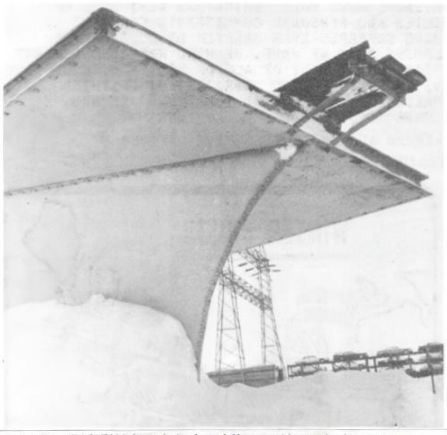
Another Watertown crew made a special delivery of LPG to the company at Lowville on the Massena Branch that supplies the gas to local residents for heating and cooking.

(Continued on Page 4)

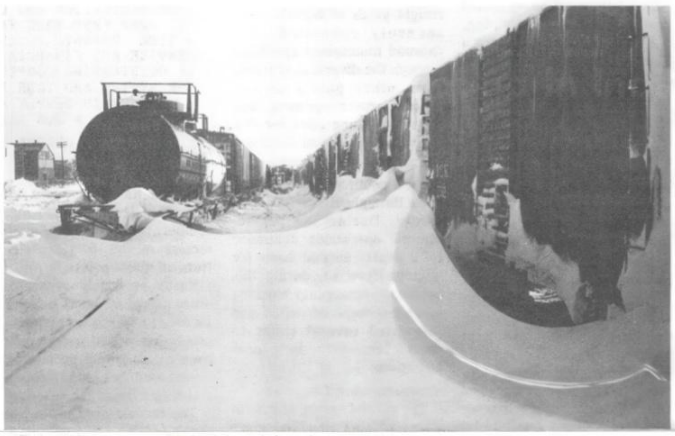
Buffalo, With Record Snow, Was Hardest Hit

SNOWY STILLNESS lay over these cars that were icebound on the tracks. (Photos on this page are by Ken Campbell unless otherwise indicated.)

DISCUSSING recovery operations were A. J. Conklin, Buffalo division superintendent, and R. D. Spence, Conrail president.



MAKING HEADWAY through the deep drifts was this standard Russel snow plow shoved by a locomotive.



RECORD LOW temperatures made lubricants in journals so stiff that all cars were difficult to move.

CLEANING UP the yards were front end loaders that worked in restricted areas where plows couldn't function.

SHOVEL AND BROOM were used by these employees trying to release points of a switch so it could be thrown. Switch heaters could not melt snow as fast as it accumulated.

EMPLOYEES worked through the night to get yards back into operation. Rotary plow had to move through drifts higher than the cab of the engine. (Fred Furminger photo)

SNOW REMOVAL entailed trucks brought in to carry away huge piles of snow pushed or blown aside by plows or collected by front end loaders.

At Cleveland

It Was Nearly As Bad

During the month of January record hours of overtime were racked up at both Collinwood and Juniata Locomotive Shops. On February 2, John Dixon, general superintendent of the back shop at Collinwood in Cleveland, told us what it was like at his shop.

"The Collinwood back shop was alerted of engine shutdowns and freezes on January 16. On that day, we began emptying out the shop of all program engines to make way for the freeze ups. We stopped all repairs right in the middle of a job.

"On the 17th, they began towing in the locomotives for repair. A crew with one good engine would tow in maybe 10 or 12 engines at a time. On the same day, the high winds and subzero temperatures came up, and we had terrible problems with drifted snow. The men spent hours digging out the turn table pit and the transfer table. They could only stay out there a half hour at a time, it was so cold, and as soon as they got the pit cleared, it would fill up again.

"Howard Rose, general foreman, worked outside with crews 12 hours per day, for two weeks. We had two tricks, 12 hours each then. Now we've gone back to eight hour tricks, with overtime as needed. During the storm of the 28th, Rose had to have four men flagging in the yard, because visibility was so poor you couldn't see around more than two units.

"Trucks couldn't get through because of the snow. We're still finding them. Just yesterday we found one truck in Batavia that had left from Cleveland Friday.

"On Friday, we had reps in here from GE, EMD, Alco and WABCO trying to get enough parts to make repairs. They spent the whole day calling around trying to locate parts for us. We had men constantly going between here and the airport for parts.

"Then we couldn't get 50-gallon drums of kerosene. We needed the fuel to run the heaters to thaw out the freeze-ups, so we could fix them. We had to hunt around for drums so kerosene could be delivered by truck and stored in the drums.

"The wind blew so hard the windows were blowing out of the shop, and some of my crews spent all of their time putting up plastic to keep the cold out.

"One of my men, Fred Hoyt, got hit with 140 pounds of pressure from a water leak. He froze in ice from the waist down. This is the worst winter I've seen in my 35 years on the railroad.

"Neal Slaght, my general foreman on the erecting floor, and John Bogo, who's filling in as general foreman, spent hours and used a lot of ingenuity to keep things running.

"Then last Friday the boilers went out at the shop, and I really thought it was all over then. But John Chandler and his men worked around the clock all weekend to keep the last boiler going.

"We had to order some of the men home, or they would have stayed here forever. The organizations and the people cooperated 100 per cent. The front line supervisors have worked long and hard hours, many of them sleeping in their chairs, to keep things going. They wore themselves out."

No Delays In Payroll

When it came to getting time slips delivered from division offices to Pittsburgh during Storm Four, it would seem some of our employees had followed the mailman's creed. From the Philadelphia Payroll Office came the following reports of employees' efforts to get the payroll delivered on time.

In Buffalo, four people who had stayed late to work on payroll got snowed in and spent the night in an Amtrak coach. Roger Meyers and Robert Hantke, who were out and homeward bound by 6 p.m. Saturday, and Clement Schenk and Mabel Warren, who weren't able to get home until Sunday afternoon, were given sandwiches and coffee courtesy of Amtrak.

In Columbus, Transportation employee John Glenn left for Indianapolis with the time slips at 2 a.m. Friday. It took him until late Friday to make his delivery because of the howling blizzard. Cincinnati Safety employee Paul Carroll also tried to drive to Indianapolis. It took him most of the day to get there. Then James Parsley spent half the afternoon at the airport waiting to make sure the time slips left for Pittsburgh.

Similar stories have come in from Detroit and Pittsburgh. It took Ms. Annie Schoder 1½ hours to make a 20-minute trip to the Detroit airport. She waited at the airport to be sure the slips went out, only to find out later the plane was unable to land at Pittsburgh. Gary Armacost had a similar experience in Detroit trying to deliver Canadian time slips. And in Pittsburgh, Ralph Pletcher, Ron Barger, and Phil Saxton devoted much of the weekend to coordinating pay slips from all locations for delivery to the Pittsburgh data center.

Thanks to the efforts of these people and others, no paychecks were late because of the storm.

Conrail Fights Through (cont.) . . .

(Continued from Page 1)

for the return trip to various yards in Buffalo. Similar blocking was performed for traffic coming from the east and south, bound for Buffalo.

Over the next several days, warming weather and diminishing winds permitted a return to near normal winter operations across the System. Buffalo's yards went back in operation on a limited "winter" basis and routine work was started, including the servicing of local industries. But the worst, if that were possible, was still to come.

"On the scene" reports tell us the drama and reveal some of the challenges Conrail people actually met in the field during the worst days of the "Fourth Storm." Following are excerpts from these special reports that were prepared on a daily basis during this period to provide a then current overview of the weather situation.

January 27:

After a few days of warming weather, the western and northern parts of the Conrail System again have been plunged into the deep freeze. Seven to ten-foot snow drifts, stopping trains, have been reported from Dunkirk, Ohio. Four to five-foot drifts on the Northern Region, in the vicinity of Jackson, Mich., are slowing trains. Major highways in Indiana and Ohio

(Continued on Page 4)

RUPTURED or frozen items on equipment at the Collinwood shop in Cleveland caused by severe low temperatures. (Bernie Cleff photos)

Snowbound In Indiana

HIGH snowdrifts flanked these engines on a track in Indiana as they were stranded because of a freeze-up (above). Conrail employees (below right) struggle to free a Jordan spreader on an Indiana track after it had derailed while in service pushing snow. The spreader is normally used to grade cuts and fills. Crossbucks (below left) barely stand above dump of snow after plowing.

Disastrous Weather (cont.) . . .

(Continued from Page 3)

have been reported as shut because of drifting snow. Crews are experiencing difficulty in getting to work.

January 28:

A storm of blizzard conditions and proportions is now moving slowly across the System, bringing our operations virtually to a standstill.

Temperatures at Chicago dropped from 19 degrees to minus ten degrees in two hours early this morning. Winds of 60 miles per hour and some new snow accompanied the plummeting temperatures and established a chill factor of about minus 67 degrees.

The same weather conditions exist at Indianapolis, with the temperature at minus eight degrees. At Fort Wayne the temperature is presently minus 11 degrees, with 50 mile-per-hour winds.

Conrail crews, working at Enola Yard, Harrisburg, are out in zero to minus five degree weather, preblocking trains for the west.

Buffalo has been declared a disaster area by the governor and National Guard troops have been ordered into the area. The oncoming storm is predicted as the worst of the winter so far — a winter that has deposited about 13 feet of snow in the area. Visibility is presently zero because of 45 mph winds, with gusts up to 60 mph. The wind-chill factor is predicted to drop to the minus 60's tonight.

January 31:

Friday's storm left its mark on Conrail. It moved across our system at about 40 miles per hour, closing everything it passed over for periods of up to 24 hours, including yards at Chicago, Indianapolis, Elkhart, Columbus, Detroit, Toledo and Pittsburgh.

Drifts three to four feet deep are on the Detroit Branch and drifting has started on the main line between Detroit and Buffalo. We experienced major drifting over the weekend in Indiana and central Ohio.

Conrail was generally able to keep its main lines open across the system until early this morning (2:50 a.m.). But the storm, which slowly passed over most of our system, stopped over Buffalo.

At that time this morning, the mainline between Buffalo and Rochester was closed due to deeply drifted snow described as ten feet high and about 200 feet long. Snow plows are working Niagara Falls to Rochester, Buffalo to Erie and the Lima Branch toward Rochester.

Temperatures are five degrees in the Buffalo area, with winds of 35 to 42 miles per hour, establishing a wind-chill factor of between minus 43 and 45 degrees.

State highways and streets are closed, with crews experiencing great difficulty getting to work and in some instances being turned back by state and local police.

Total accumulation of snow on the ground is now about 38 inches, standing level with the bottom of our boxcars in the Buffalo yards.

Trainloads of fuel for our snow emergency equipment, food for our employees, and more men have been moved into the area to help with the snow removal, recruited from other areas of our system such as Selkirk and DeWitt Yards. The men will be housed and fed in dormitory trains which also have been moved into the Buffalo area.

February 1, 1977:

Severe weather conditions continue to persist at Buffalo, although the weather has moderated over much of the remainder of the Conrail System. All operations, except snow removal and related work, continue at a standstill in Buffalo.

It is still storming in that area, with five inches of new snow on the ground, the temperature at 15 degrees, winds of 35 to 40 miles per hour and heavy snow predicted for today.

Although Buffalo remains the critical area, there are several instances of snow problems in other areas of the System. A local train stranded Friday at Kentland, Indiana, is still stuck in 20-foot drifts. The engine is operating and all 49 cars are intact. The crew was rescued by National Guard half-tracks Friday. Two snow plows are working to clear the train and have been plowing through drifts from 10 to 20 feet on their mission.

February 2, 1977:

Diminishing winds and rising temperatures have combined to take Buffalo out of the deep freeze. Today's temperature is plus 21 degrees and expected to climb higher. Forecasts call for only two to four inches of snow today and tomorrow.

Working all day yesterday and into the night, Conrail crews were able to free the last of the trains stranded in snow drifts.

Work has already started on clearing the Buffalo yards of all snow-bound cars.

An additional 40 locomotives were moved "light" into the Buffalo area to help with moving the stuck cars and trains. Two trains, one of empty gondolas and the other of empty hoppers are being moved into Buffalo in order to remove the snow that is being cleared from the yards.

A contingent of National Guard troops is being sent to the Buffalo area to help with snow removal on Conrail. Reports are that 400 men, with 163 dump trucks, 88 frontend loaders and nine bulldozers are on their way to the city to help in this situation.

Finally, by February 4, and more than a week of arduous effort, the worst of it appeared to be drawing to a close. The yards had been cleared. Trains were moving again. And operations were reported to be "near normal." With winds diminished but with some new snow falling, conditions were definitely considered "improved." Thus drew to a close the effects of Winter Storm Number 4, the worst, and hopefully the last of the series of blizzard-like conditions that hit Conrail during its first winter of existence, a test of survival successfully met and conquered, although at great cost of energy utilized, and funds expended.

A Winter To Remember

SNOW BLIND — Photo taken from the cab of a locomotive entering Buffalo during the last major storm indicates the poor visibility. The engineer could barely see 10 car-lengths ahead. (Ken Campbell photo)

OLD FAITHFUL — This rotary snow plow (in action in photo on page one) was pushed through heavy snow drifts in the Buffalo area by two and three diesel units. The blades whirl snow through a chute to the side. (Ken Campbell photo)

Cooperation The Key

(Continued from Page 1)

Elsewhere on the System, "outsiders" helped Conrailers get through Storm Four. In Kentland, Indiana, a local freight crew got marooned in a snowdrift. The Indiana National Guard, using half-tracks, rescued the crew on the 28th, the day of the storm. The train wasn't freed until 7 p.m., February 2, and the line wasn't completely opened until the seventh.

In the Central Region, travel advisories ordered everyone to stay indoors and off snow-clogged highways. In many areas violators were subject to arrest, fines and impoundment of their autos. Local and state police cooperated with the railroad, however, and crews were allowed to use the highways.

In Cleveland, at the Collinwood locomotive shops, a most serious disaster was narrowly averted through the cooperation of locomotive shop power plant employees.

Friday, the 28th, John Chandler, general foreman-power plant, received a 1:30 a.m. phone call advising him that two of the three boilers had gone out. The one remaining boiler was nursed along by Chandler and his crew, who were credited with keeping the shop from freezing up.

Thousands of employees throughout the System worked long hours in the snow, wind and sub-freezing temperatures to keep switches, interlockings and classification yards open. Several hundred employees moved from clear yards into the Buffalo area to offer assistance, working long hours outdoors and spending off-time on a camp train.

Others in train and engine service moved our trains through drifts up to 20 feet high and 200 to 300 feet long. Overtime crews operated snow plows and spreaders, or were "running light" to keep the lines open.

On the non-operating side, at Juniata Locomotive Shop, 55,000 overtime hours were put in on locomotive repairs in January alone, while Collinwood shop employees logged 16,000 overtime hours.

Clerks, managers, secretaries, superintendents, and general managers from all over the System put in many thousands of hours, sometimes sleeping in their offices, in order to keep the railroad's shops, terminals and trains operating.

And the families of these railroaders have had to show patience and cooperation, too. From Cleveland came a report of Mrs. John Dixon's plight, when on a Tuesday the hot water heater went out. Dixon stayed on the job with his men, and never got home until the following Saturday. The earliest a plumber could come was "sometime next month," so Mrs. Dixon heated water on her stove for six days until her husband could get home to fix the water heater.

Gene Comer, general shop superintendent, summed it up for both the families and employees. He said the spouses and families, most of whom have spent years on the railroad, were understanding of the situation, saying simply, "We'll see you when you get home."

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Conrail Plows Out

Pick a place—any place—on Conrail's 17,000 route-mile system and you'll hear a tale of winter weather that proves that all the steel on this railroad isn't in the rails.

During the month of January, six major storms hit Conrail. Snowfalls three to four times the normal amount fell on 14 principal Conrail cities.

The greatest snowfall occurred in Syracuse where 72.7 inches fell. Albany received 40.8 inches, while Boston received 35.9 inches of snow, the greatest January total in 108 years. Trenton, N.J., lashed by five major storms, recorded 20.5 inches, the heaviest accumulation on record.

Storms lashing the region were also accompanied by extremely high winds sending the wind chill factor well below zero over many parts of the system. St. Louis recorded a minus 62 degrees. The wind piled new-fallen snow in deep drifts, sometimes over the tops of trains.

The last of the January storms, striking the 25th and 26th, shut down the western portion of the railroad, moving at about 20 miles an hour along a front nearly 300 miles long. Between 5 and 9 a.m. on the 25th all major yards west of Pittsburgh and Buffalo were closed by weather. Winds gusting at between 70 and 100 miles an hour struck Cleveland, dropping the temperature to zero. Windows in the office of K.L. Lowe, division superintendent, were blown out, as were windows in towers along the right-of-way. The large crane at the Cleveland ore dock was toppled.

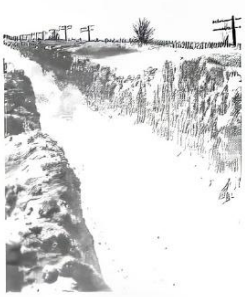
Roads and highways were closed throughout Conrail's Southern, Western and Northern Regions, isolating cities and towns. At Ft. Wayne, Indiana, 30 Conrailers were snowbound in the depot.

While these Conrailers were snowbound, others throughout the three-region area made it to work. Some traveled to designated areas and were picked up by trains and transported to yards and offices. D.L. Wilson, division superintendent at Fort Wayne, made his way to work on a rented snowmobile. Along with other snowmobilers and Conrailers already on the property he helped keep Conrail running. Trains were dispatched both east and west to keep the snow from accumulating on the main lines.

Throughout the 28th and 29th, Assistant Yardmaster V.A. Giardini supervised the operation of a locomotive running "light," keeping the main line open and clear of drifting snow between Van Wert, Lima and Delphos. With highways impassable, Conrail's main line was the only way in and out of the three cities. Nurses and patients were transported to and from hospitals in Conrail trains.

Despite the severity of the storm, Conrail personnel reacted quickly and within 36 hours cars were being humped and trains that were stored out of the storm's way were being dispatched from the yards closed as the storm struck. Within three to five days, yard operations were resumed at normal winter levels. The exception was Toledo's Stanley Yard, where, despite the efforts of Conrail employees, the weather kept that yard closed for six days. Conditions were so bad that a special train of personnel and snow removal equipment had to be dispatched from Buffalo on the 28th to help with the snow removal and a similar train was dispatched from DeWitt Yard to Elkhart Yard.

In all, close to 3,000 employees fought the storm, and the battle was being won as more and more of the railroad was cleared each day. The yards were opened and industrial switching steadily improved.



Despite the efforts of a rotary plow, eating through 21-foot drifts, this section of the Danville Branch, just north of Shelf, Ind., remained impassable.

East-west trains were moving regularly, with pre-blocked consists from and to western gateways.

Then came February.

The blizzard of February 6th and 7th formed off the Carolina Coast, and moved slowly northward to Boston. The storm was accompanied by hurricane force winds, officially recorded at 79 miles per hour at Boston and 92 at the Chatham Weather Station, with reports of gusts up to 110 m.p.h. within the state.

As had happened in the west little more than a week before, the blizzard closed down Conrail operations as it moved northward. A new problem in the east, however, was the severe blow dealt Conrail's commuter services.

The light, powdery snow, driven by the high winds, shorted the electric traction motors of multiple unit (MU) cars and locomotives used in these services. "Snowbirds" flocked to the rails, further crowding the trains that were already operating with substantial delays because of the weather and increased passenger traffic.

Despite the hardship of getting to work, Conrail crews very rarely missed their assignments in commuter service. In the yards and industrial sidings, Conrailers followed the example of their co-workers in the west. Yard by yard, they pushed the snow back and away from their tracks. Switches were dug out and heaters were kept in operation to keep them movable. The two special trains, loaded with personnel and equipment headed east to aid snow removal operations in the Boston and Providence areas. Beacon Park Yard, at Boston, which closed about noon on Tuesday, the 7th, was gradually being dug out. By Thursday there were operations within the yard and the first trains were received on Saturday, the 11th.

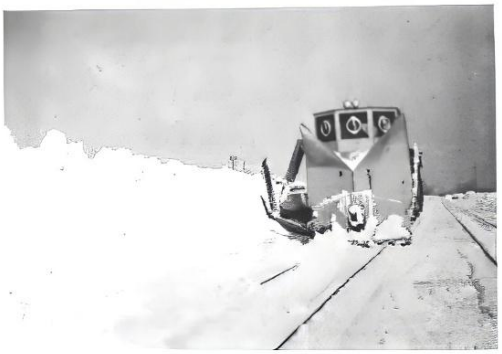
Conrail operations at Providence closed down about the same time Tuesday, with 60-mile-an-hour winds blowing 18 inches of new snow. There too, Conrail personnel were switching within the yards by Thursday and ready to handle full trains by Saturday.

Pick a place—any place—on the Conrail System and you'll hear tales of the Winter of '78, a heartening story of Conrail's people on the ground.

Despite blizzards with hurricane-force winds—blizzards that stopped nearly all other forms of transportation—and sub freezing temperatures with wind-chill factors creating extreme personal hardship, Conrail people had their railroad back to near normal winter operations in less than a week.

In less than seven days, they had the necessities vital to human and industrial consumption moving again.

Conrail's Stanley Yard, Toledo, was especially hard hit by the last of the January storms.



Some yards were able to resume normal winter operations within 36 hours. Stanley Yard was closed for six days.

By January 29th operations on the western portion of the railroad were, in most cases, back to normal winter levels. Trains, like this one pictured near Enon Valley, Pa., were providing service and, at the same time, helped to keep snow accumulations off Conrail's main lines.

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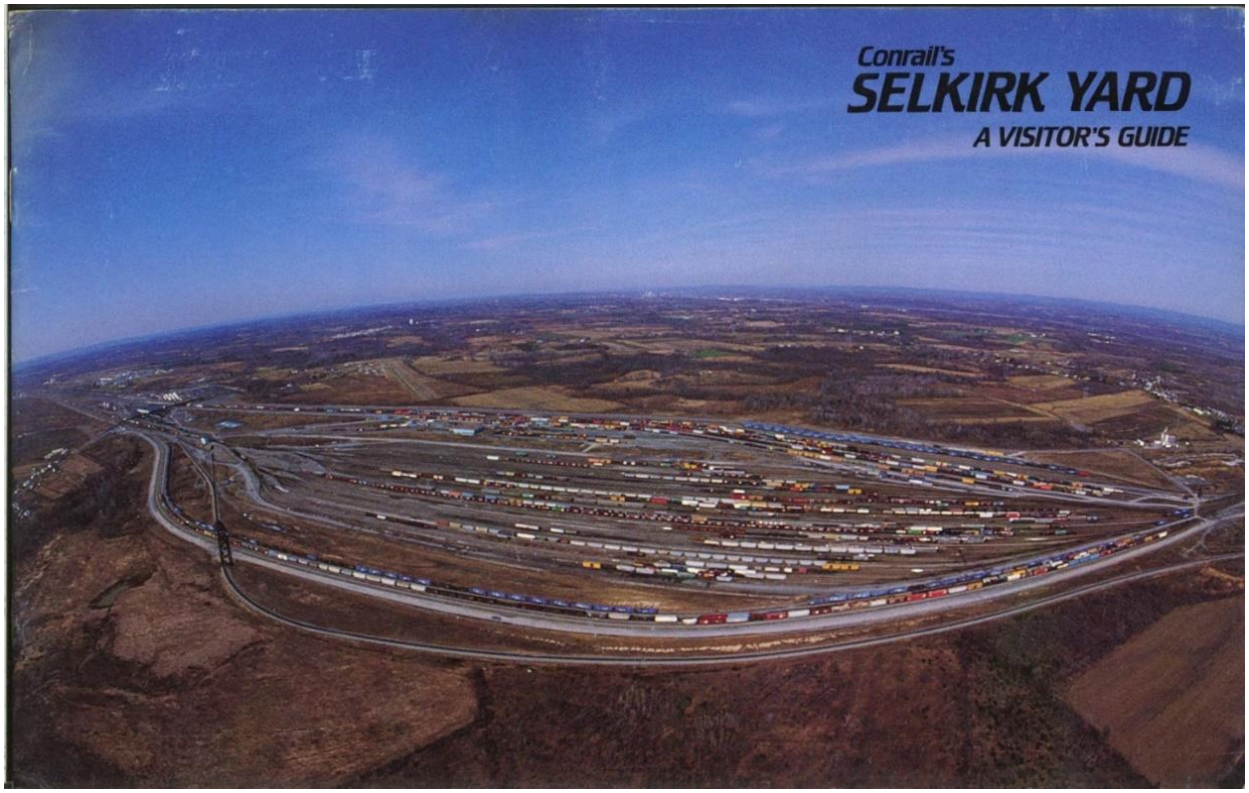
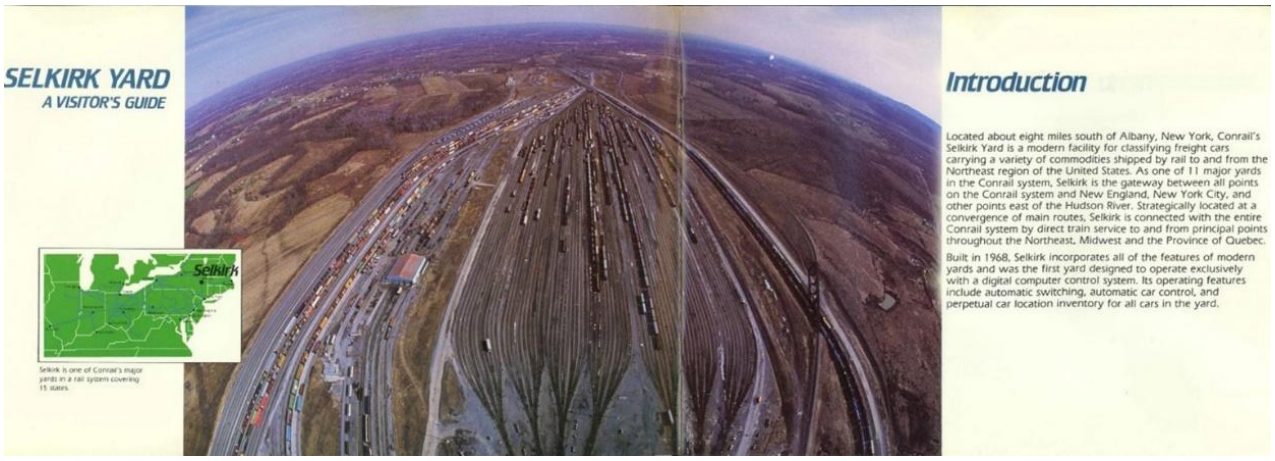

Conrail's
SELKIRK YARD
A VISITOR'S GUIDE


SELKIRK YARD
A VISITOR'S GUIDE
Selkirk
Selkirk is one of Conrail's major yards in a rail system covering 15 states.
Introduction
Located about eight miles south of Albany, New York, Conrail's Selkirk Yard is a modern facility for classifying freight cars carrying a variety of commodities shipped by rail to and from the Northeast region of the United States. As one of 11 major yards in the Conrail system, Selkirk is the gateway between all points on the Conrail system and New England, New York City, and other points east of the Hudson River. Strategically located at a convergence of main routes, Selkirk is connected with the entire Conrail system by direct train service to and from principal points throughout the Northeast, Midwest and the Province of Quebec.
Built in 1968, Selkirk incorporates all of the features of modern yards and was the first yard designed to operate exclusively with a digital computer control system. Its operating features include automatic switching, automatic car control, and perpetual car location inventory for all cars in the yard.

Yard Operations

The function of a freight classification yard is much like the function of a post office. At a post office, mail is sorted into pigeonholes. At a railroad yard, freight cars are similarly sorted into various tracks for dispatchment in trains carrying "blocks" of cars to destinations along the railroad.

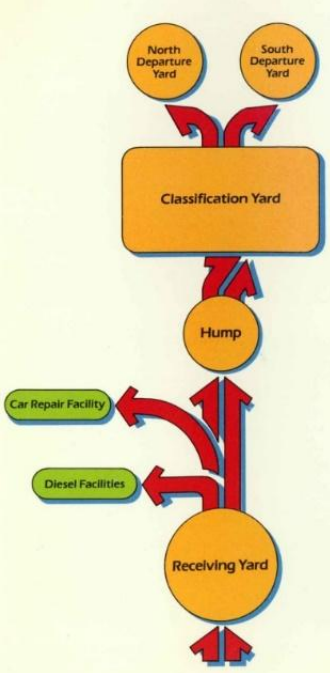
A "hump" yard derives its name from the use of a small hill, or hump, to classify cars using gravity. Under this arrangement, trains are pushed up and over an incline where the cars are uncoupled. Each car then rolls by gravity into its predetermined classification track, guided by automatically operated switches to avoid excess speed. Trains of 150 cars or more can efficiently be classified in less than one hour, assisted by computers and other devices. This allows more than 3,200 cars per day to be handled for consolidation and movement to as many as 70 destinations.

Westbound, Selkirk sends many cars to other Conrail yards at Indianapolis and Elkhart, Indiana, and Columbus, Ohio for further classification and dispatchment to industries or to other railroads via the St. Louis, Chicago and Cincinnati gateways. From those same areas, cars are classified directly to Selkirk at other Conrail yards, and by other railroads from as far west as North Platte, Nebraska (over 1,600 miles away), and moved without further switching to Selkirk for final classification and distribution to points in the East.

SELKIRK YARD

Total area of yard		1,250 acres
Height of Hump		26 feet
Grades		
Hump	3.1%	1.9%
Master Retarder		5.0%
Group Retarders	1.2%	1.0%
Classification Yard		0.08%
Receiving Yard		0.15%
North Departure Yard		0.16%
South Departure Yard		0.00%

Trackage	No. of Tracks	Car Capacity
Classification Yard	70	3,680
Receiving Yard	11	1,716
North Departure Yard	9	1,484
Fast Freights	2	332
South Departure Yard	5	550
Car Repair	4	113
Car Cleaning	4	124
Auto Unloading Site	8	80
TrailVan Ramp	2	31
Local Yard	10	395
Caboose	2	30
TOTAL		8,500



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How Selkirk Works

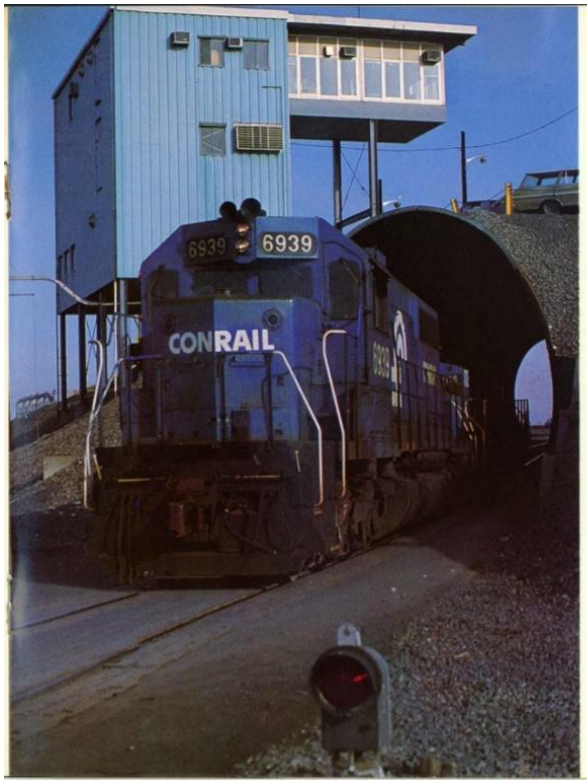
Inbound trains arrive at the receiving yard and are switched over the hump into the classification yard. Blocks of cars are pulled out the other end for dispatchment in new trains from either of two departure yards. This is accomplished using a well-designed and well-maintained physical plant, which permits the uninterrupted flow of cars in an efficient manner. Management information systems monitor the classification process and measure the total elapsed time of each car processed through the yard. The quality of this effort is measured by a connection monitoring system, which provides information to insure that every car makes its scheduled connection to other trains.

Auxiliary facilities, including car repair tracks, car cleaning tracks, locomotive service facilities, a locomotive shop, caboose tracks, a local yard, fast-freight tracks and a TrailVan and auto unloading terminal also produce maximum efficiency and productivity through their location and design. A brief description of each yard design component follows.

Receiving Yard

The receiving yard consists of 11 tracks, each with an average capacity for 156 cars. Here, arriving trains are received, inspected and prepared for classification over the hump. As trains approach the receiving yard, the yardmaster assigns a track whose number is displayed to the engineer by a signal light. Electronic sensors monitor the movement of the train and activate power-operated switches, routing the train to the assigned track.

The arrival time of trains is logged by the computer as they pass the track designation signal and their consists are checked, car-by-car, using remote television cameras. This information is used to enrich advance



consist information, already received from Conrail's central computer, to produce a "switch list" for each train. These verified lists, along with the receiving track number and classification track codes, are stored in the process control computer to be called for by the hump conductor when the cars are ready for switching. Each car of the inbound train is inspected and prepared for classification by bleeding air from the brake cylinders. This releases the air brakes and permits each car to roll freely from the hump into the classification yard.

After yarding their train, inbound locomotives are uncoupled and proceed to the servicing facility where they are fueled and prepared for their next assignment. After servicing, the locomotives are positioned on one of a series of short "ready" tracks, designed in herringbone fashion, for quick departure.

Hump Operation

For the humping operation, a hump locomotive is positioned behind a train on a track in the receiving yard, as designated by the hump conductor, who then initiates the classification system by calling up from the computer the switch list for that receiving track. Switches automatically line a route

A tunnel under the hump (immediate left), where trains are switched for classification, allows trains to move to the receiving yard (lower left) without interfering with the hump operation. A conrail conductor (upper left) oversees the computer-controlled system that establishes routes within the yard.

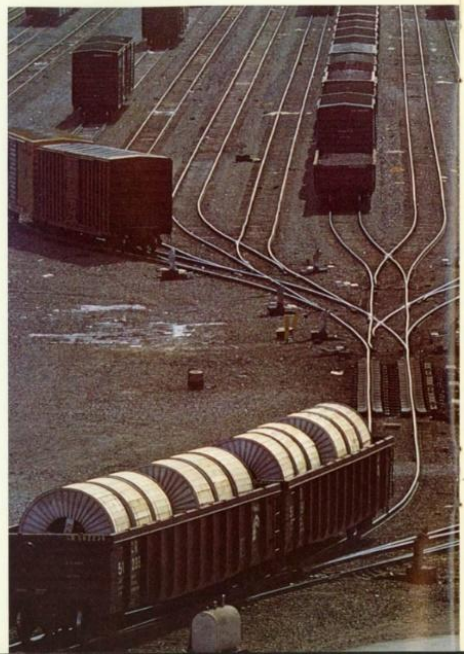
to the hump, and the hump locomotive engineer receives a signal to "shove high." The first ten cars of the train appear on the conductor's panel showing sequence number, car initial and number and classification track assignment.

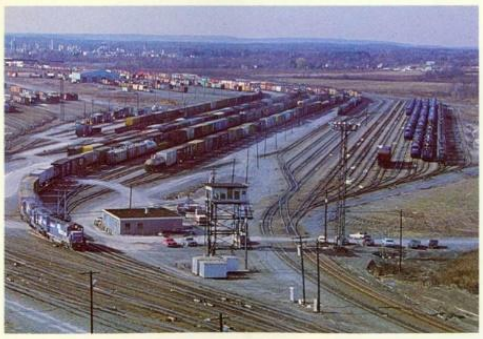
The first car number is verified by the "pin-puller" as the train approaches the crest of the hump. If it matches the number shown on the switch list, the car is uncoupled and separates from the train as it passes over the hump. It then descends by gravity into the classification yard where it is routed automatically into the proper track by the process control computer. As each car rolls down from the hump its velocity is measured in test sections before it reaches the master and the group retarders. Acceleration, "rollability," and friction are also calculated, and this information is combined with measured distance-to-coupling, track and curve resistance, car weight, frontal area, wind velocity and direction, temperature and moisture to determine the proper exit speed from the master and group retarders for that particular car and track. Radar units in the retarders control the car at its required release speed to insure proper coupling speed that will not damage cars or their contents.

Classification Yard—Hump End

The classification yard consists of 70 tracks. In the design of the yard, space was left to permit the construction of 20 additional tracks, if necessary. The shortest track will hold 37 cars and the longest, 70 cars. Tracks are divided into seven groups of ten tracks, each fed by one group retarder. Four of these groups are fed by one master retarder and three by a second master retarder.

As cars proceed from the hump crest to the body of the classification tracks, their location is continually monitored by the process computer. Thus, at the completion of humping each train, a list can be printed showing each car on any of the classification tracks.





Trains leave Selkirk from either the south or north departure yard (above) where they are bound for a variety of destinations within the Northeast and along the Atlantic Seaboard.

Freight cars descend by gravity into a predetermined classification track (left) after they are uncoupled and separated as they pass over the hump.

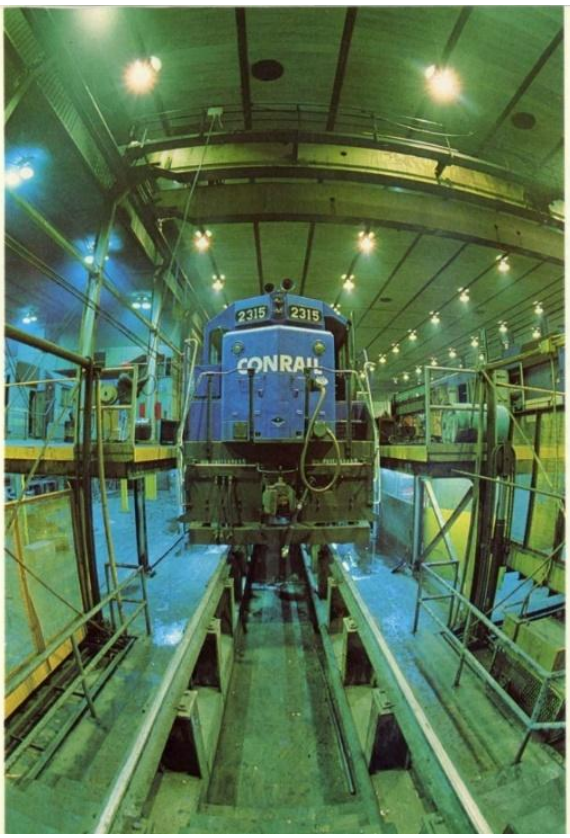
Classification Yard—East End

At the east end, or "pull-out" end, the 70 classification tracks converge into three tracks, or "pull-out leads," which are connected by a series of power-operated switches designed to permit simultaneous, parallel movements by several crews between the classification yard and the twin departure yards.

Departure Yards

The departure yards are parallel to the classification yard. The north yard has eleven tracks with 166 to 280 car capacity, and two running tracks. The south yard has four tracks with 126 to 131 car capacity and one running track. Roadways between these tracks permit vehicle access for car inspection and light repairs, when necessary.

Power operated switches control the track routes from the classification yard to the pull-out leads, and from the pull-out leads to the departure yard. Controlled from the pull-out conductor's panel, this routing system is operated through a NOVA 3 computer which is programmed to line the shortest available route without interference with other movements. "Shove signals" are located on the conductor's route panel to indicate when cars being pushed into any departure track approach the far end of that track.



Auxiliary Facilities

Locomotives move through this service station (above) for fueling, sanding, lubrication and inspection before receiving their next road assignment.

One of Conrail's three major locomotive maintenance shops (left) is located at Selkirk. This shop provides all facilities for required maintenance.

Car Repair Facility. An enclosed, four-track car repair shop is located between the classification and north departure yards to provide easy access for prompt repair and further handling. Two tracks of this repair shop are equipped to move cars through the shop mechanically, similar to the movement of automobiles in a car wash. The repair facility is equipped with stationary jacks and job cranes for "truck" (wheel assembly) and wheel work. Gas and electric welding equipment, power tools and lubrication are available at the work location, or "spot." The other tracks are used for medium and heavy repair work.

Car Cleaning Facility. Adjacent to the repair shop is a two-track car cleaning facility. This area is paved, and tracks are tilted inward to aid drainage from the cars. Water and

Key Legislation Enabling Conrail's Formation and Success

Below is a chronological summary of the major federal laws that created Conrail, provided initial support, and ultimately enabled its turnaround and privatization. These acts addressed the crisis of Northeastern rail bankruptcies (culminating in Penn Central's 1970 collapse), shifted from heavy regulation to market freedoms, and relieved Conrail's unique burdens. While some of this legislation benefited all U.S. railroads, others were tailored specifically to Conrail's government-owned status. Each includes a brief overview and specific impacts on Conrail.

Regional Rail Reorganization Act of 1973 (3R Act)

- **Signed**: January 2, 1974 (Public Law 93-236).
- **Overview**: Created the U.S. Railway Association (USRA) to consolidate six bankrupt Northeastern railroads (primarily Penn Central) into a single entity, preventing service collapse or nationalization. Provided initial loans and planning authority.
- **Conrail Impact**: Laid the foundation—USRA's Final System Plan (1975) defined Conrail's route miles (~18,000 initially) and assets. Enabled April 1, 1976, startup with ~$2.1 billion federal funding, but imposed generous employee protections that later burdened costs.

2. Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act)

- **Signed**: February 5, 1976 (Public Law 94-210).
- **Overview**: Approved USRA's plan, authorized $6.4 billion in loans/securities for Conrail, and introduced modest ICC reforms (e.g., limited rate flexibility, easier abandonments).
- **Conrail Impact**: Provided critical startup capital.

3. Staggers Rail Act of 1980

- **Signed**: October 14, 1980 (Public Law 96-448).
- **Overview**: Major deregulation—exempted ~80% of rail traffic from ICC rate approval, allowed confidential contracts, expedited abandonments, and reduced oversight (built on 4R/1976 reforms). Applied industry-wide.
- **Conrail Impact**: Pivotal for turnaround—freed pricing on joint rates (ending losses on shared routes), enabled contract rates for coal/autos (high-margin traffic), and line rationalization (shed ~4,000 miles by 1984). Delivered first profitable quarters in 1981 ($39M net income), ending subsidy dependence.

Northeast Rail Service Act of 1981 (NERSA)

- **Signed**: August 13, 1981 (Title XI, Subtitle E of Omnibus Budget Reconciliation Act, Public Law 97-35).
- **Overview**: Conrail-specific relief—transferred commuter operations to states/Amtrak, capped 3R employee protections, mandated ~$200M annual labor savings.

- **Conrail Impact**: Offloaded ~$200–300M/year commuter losses (by Jan. 1983), forced wage concessions/work-rule changes, enabling full-year 1981 profit and 1982 surge ($174M). Critical under CEO L. Stanley Crane for workforce reductions (~100K to 60K employees).

5. ICC Boxcar Exemption (1983, via Staggers Implementation)

- **Effective**: January 1, 1984 (ICC Ex Parte No. 346, Sub-No. 19, approved May 1983 on Conrail petition).
- **Overview**: Exempted boxcar traffic from rate regulation (Staggers extension).
- **Conrail Impact**: Ended mandatory per diem payments on empty foreign boxcars (major cost saver), allowed incentives (e.g., 20% rental cuts, $50/carload bonuses). Boosted car utilization, contributing to 1983 profits ($313M).

5. Omnibus Budget Reconciliation Act of 1986 (Conrail Privatization Provisions)

- **Signed**: October 21, 1986 (Public Law 99-509, Title VI).
- **Overview**: Authorized sale of government's 85% stake via public offering or private buyer, with employee protections and competition safeguards.
- **Conrail Impact**: Enabled March 26, 1987 IPO ($1.65B raised + $225–300M Conrail cash = ~$1.9B total to government)—largest U.S. IPO then. Crane's advocacy rejected private mergers (e.g., Norfolk Southern), preserving independence until 1999 split.

These laws formed an iterative progression: 3R/4R created Conrail amid crisis; Staggers/NERSA fueled profitability (1981–1986: cumulative ~$2B profits); privatization acts rewarded success. Conrail's senior management (Jordan, Crane) testified/lobbied aggressively post-1976, turning early failures into proof-of-concept for deregulation—benefits rippled industry-wide (rail productivity doubled 1980–2000). Without them, Conrail faced liquidation; with them, it became a model for rail revival.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