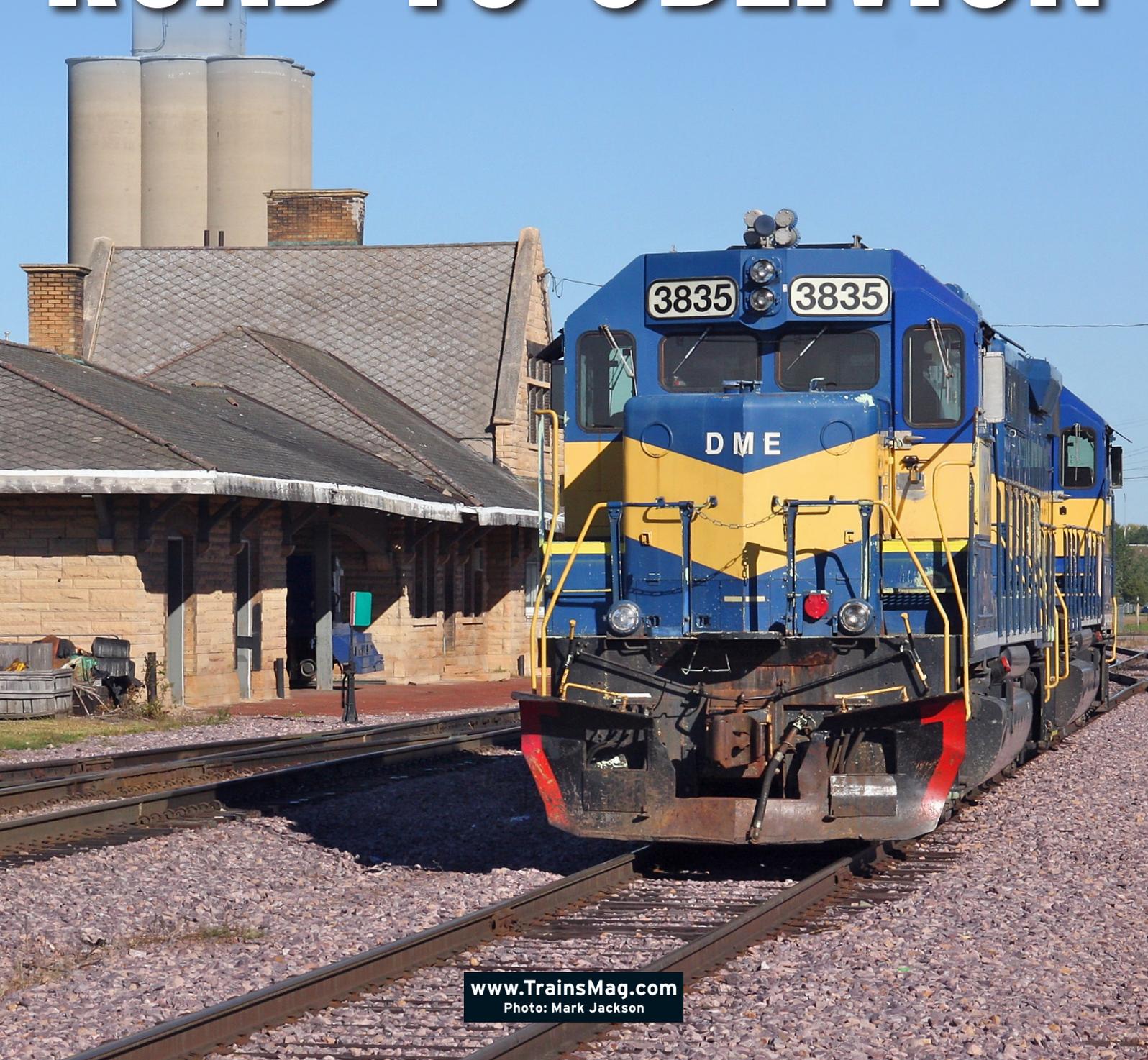


REGIONALS IN REVIEW: ROAD TO OBLIVION



REGIONALS IN REVIEW

Third time charm?

From CM&N to CWRC to WICT

J. DAVID INGLES

I "WHAT of the Chicago, Madison & Northern lines connecting at Monroe? That's the third postscript . . . the third attempt to preserve service there. The railroad is the Wisconsin & Calumet, reporting marks WICT, which you may pronounce 'wicket.' WICT, a new subsidiary set up by Chicago, West Pullman & Southern, began on only 92 miles forming a 'T' at Monroe: the [59 miles of] ex-Illinois Central from Madison to Freeport (WICT has rights on ICG into Wallace Yard there from West Junction), and 33 miles of ex-Milwaukee Road, Janesville-Monroe. WICT has authority to run west from Monroe to Calamine and Mineral Point, but Central Wisconsin embargoed it in summer 1984, and it's unlikely to see service again. WICT's primary traffic is in and out of Monroe (e.g., beer and cheese), plus University of Wisconsin coal."

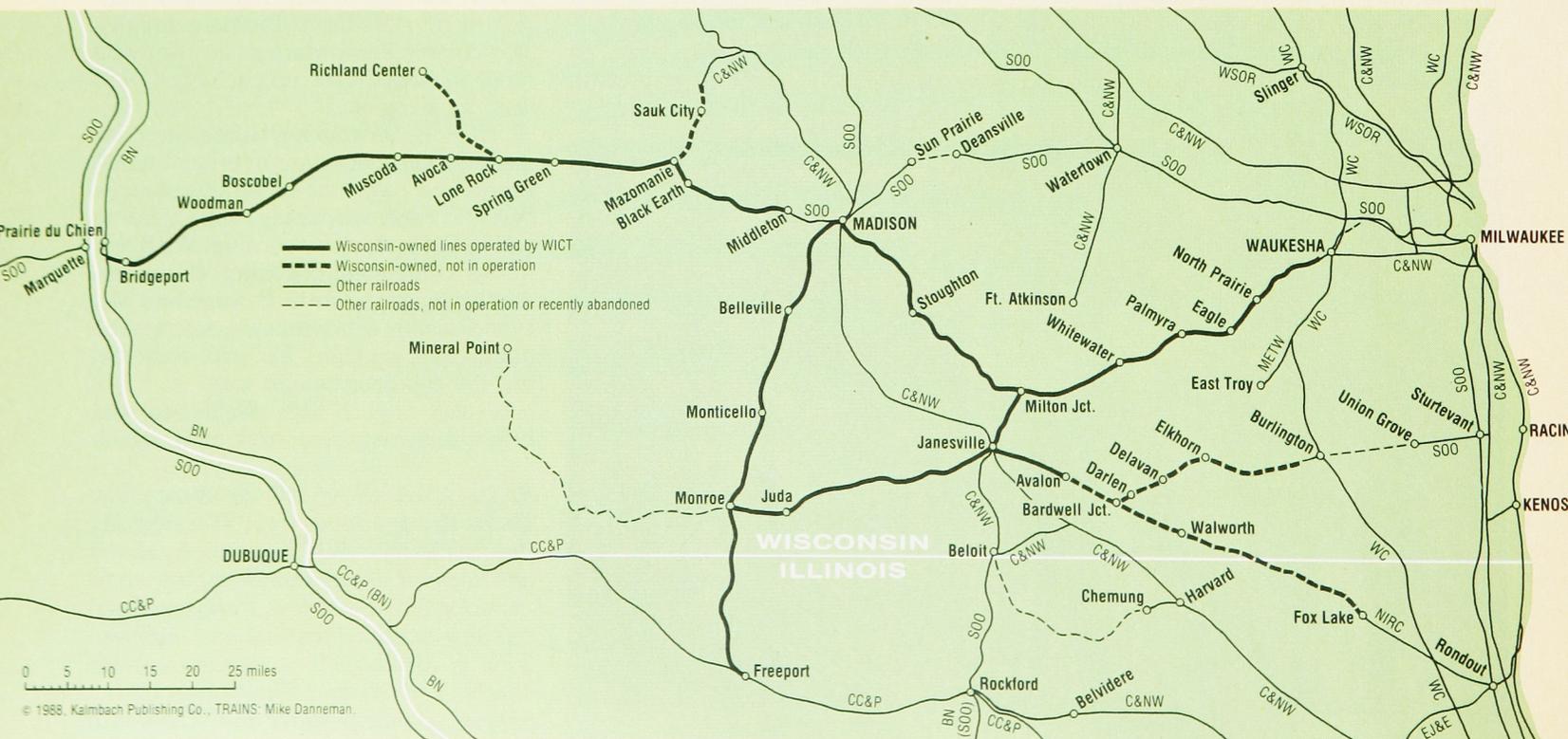
That description of WICT appeared in "FM Finale" [pages 18B-18C, September 1985 TRAINS], the wrap-up of operation of the last common-carrier fleet of Fairbanks-Morse diesels on the ill-fated Central Wisconsin Railroad. From that 92-mile beginning in January 31, 1985, WICT has expanded to 276 miles and is eyeing more. Has it outgrown the shortline category and become what might be called a "mini-regional?" The increase has come from the 98-mile "west end" described in Paul Swanson's accompanying story, the 40-mile Janesville-Milton Junction-Madison connector (ex-Milwaukee), and the 46-mile Milton Junction-Waukesha line. The latter was the genesis in 1978 for the Central Wisconsin when the route was abandoned by the Milwaukee Road.

Wisconsin & Calumet is by far the longest of four railroads operated by Chicago West Pullman Transportation Corp. (CWP), itself one of two divisions of the parent corporation of the same name. (The other is CWP Steel, whose three mills contribute more gross—\$15 million a month—than the four railroads.) The other railroads are the original CWP&S in Chicago, a common carrier that mainly served the far south-side mill of International Harvester's Wisconsin Steel (now closed); Manufacturers Junction, in far

western Chicago; and Newburgh & South Shore, in Cleveland, O. (CWP is also the firm pursuing the Pittsburgh & Lake Erie, the sale case in which a court decision was rendered that required labor participation in all shortline sales, which temporarily halted the entire regional line-sale movement. The case was on appeal.) Manufacturers Junction, the old Western Electric plant railroad adjacent to Cicero and the Burlington main line, still works its two bought-new SW1's, switching the TOFC yard of Chicago, Central & Pacific and serving one other customer. N&SS employs two SW1001's to work the Cuyahoga Works (the old American Steel & Wire mill), one of CWP's three mills (the others are the Tow Wire Mill, also in Cleveland, and a former U.S. Steel mill in Joliet, Ill.). CWP&S itself has two active diesels, now painted green and white—SW8 43 and SW9 51 (ex-Mississippi Central 210)—and four out of service.

Wisconsin & Calumet's top traffic staples are—in order for 1987—sand, coal, and grain. Counting business transloaded on and off Mississippi River barges at Prairie du Chien, wherein WICT has control of the entire rail haul, 60 percent of its traffic originates and terminates on-line. There was no such all-on-line traffic when WICT started in 1985. In its 11 months of 1985 operation, WICT hauled 1918 carloads; the total for 1987 was 5099 cars, including 1900 of sand. WICT hauled virtually no grain before 1987, but that accounted for 676 cars last year. Coal, mostly the UW loads handled on the west end, totaled 749 cars in 1987.

CWP corporate headquarters are in Chicago, but WICT's operational hub, under General Manager G. A. Bergersen, is Janesville, where it owns the former Milwaukee Road roundhouse. Here you might see EMD units or old passenger cars in storage, but WICT is just the landlord; the diesels (restored Atlantic Coast Line E3 501, two Milwaukee F7's, and two MILW GP9's) are the property of Chicagoans Glenn and Rose Monhart, the cars variously owned by individuals formerly affiliated with Golden Arrow Line Tours, a defunct excursion operator not connected with CWP.





TRAINS: J. David Ingles.

WEST of Waukesha, where suburbia meets countryside, WICT GP7 616 heads west with four cars from WC interchange on March 11, 1988.

The GP7 that Swanson had on the west end, 613, is one of five of New York Central origin with which WICT operates its entire 276 miles. Recently sold was former Chicago, Madison & Northern 202, an ex-B&O SW7, to Seeger Grain of Crystal Lake, Ill., new owner and operator of 3 miles of ex-North Western trackage between Harvard and Chemung, Ill. At least two of WICT's Geeps served on the North Central Oklahoma, a Rock Island shortline successor, and all but 613 still wear blue paint applied for that service by an Ohio dealer. Pedigrees for WICT 613-617 are believed to be NYC 5740, 5748, 5602, 5630, and 5667, respectively, built 1950-1953.

WISCONSIN & CALUMET is generally a five-days-a-week railroad with three jobs, using two-man crews. A \$4 million, two-year (1985-1987) track rehab program—funded 80 percent by the state and 20 by area governments—brought the 33-mile Janesville-Monroe line up to 25 mph, and that now enables one job to head west from Janesville and cover whatever routes need service and return in one 12-hour workday. Monroe is served every day, and the former Illinois Central line north to Monticello, Wis., or south to Freeport, Ill., as needed, usually twice a week. Track through the ex-IC tunnel south of Belleville, Wis. [cover, June 1983 TRAINS], has not been operated recently, but that may resume; Belleville customers currently are served from Madison. The line west of Monroe, to Mineral Point, indeed is being torn up. South of Monroe, interchange with CC&P at Freeport has dropped from levels in ICG days, now is primarily Cedar Rapids traffic and TOFC shipments from Swiss Colony cheese products at Monroe [pages 14-15, April 1987 TRAINS].

Another job works north out of Janesville, usually twice a week to Waukesha and three times a week to Madison. The third job, which covers the west end, often will make a Madison-Janesville round trip on its fifth workday. The Waukesha line traffic consists of interchange with C&NW and Wisconsin Central, plus grain, lumber, and fertilizer business to five small on-line customers. Wisconsin & Calumet has a direct switching agreement with both Wisconsin Central and C&NW, wherein WICT has direct access to Wisconsin & Southern (WSOR) at Slinger, Wis., via WC, and to customers in Milwaukee on C&NW. This is primarily for traffic originating or terminating on WICT's own lines. For instance, WICT solicits malt out of Milwaukee for Huber Brewing in Monroe.

Wisconsin & Calumet's major Soo interchange is at Janesville, and WICT has trackage rights for about 23 total miles over Soo in and around Janesville and Madison. Included is Madison-Middleton, and the right to serve a sand and gravel customer east of

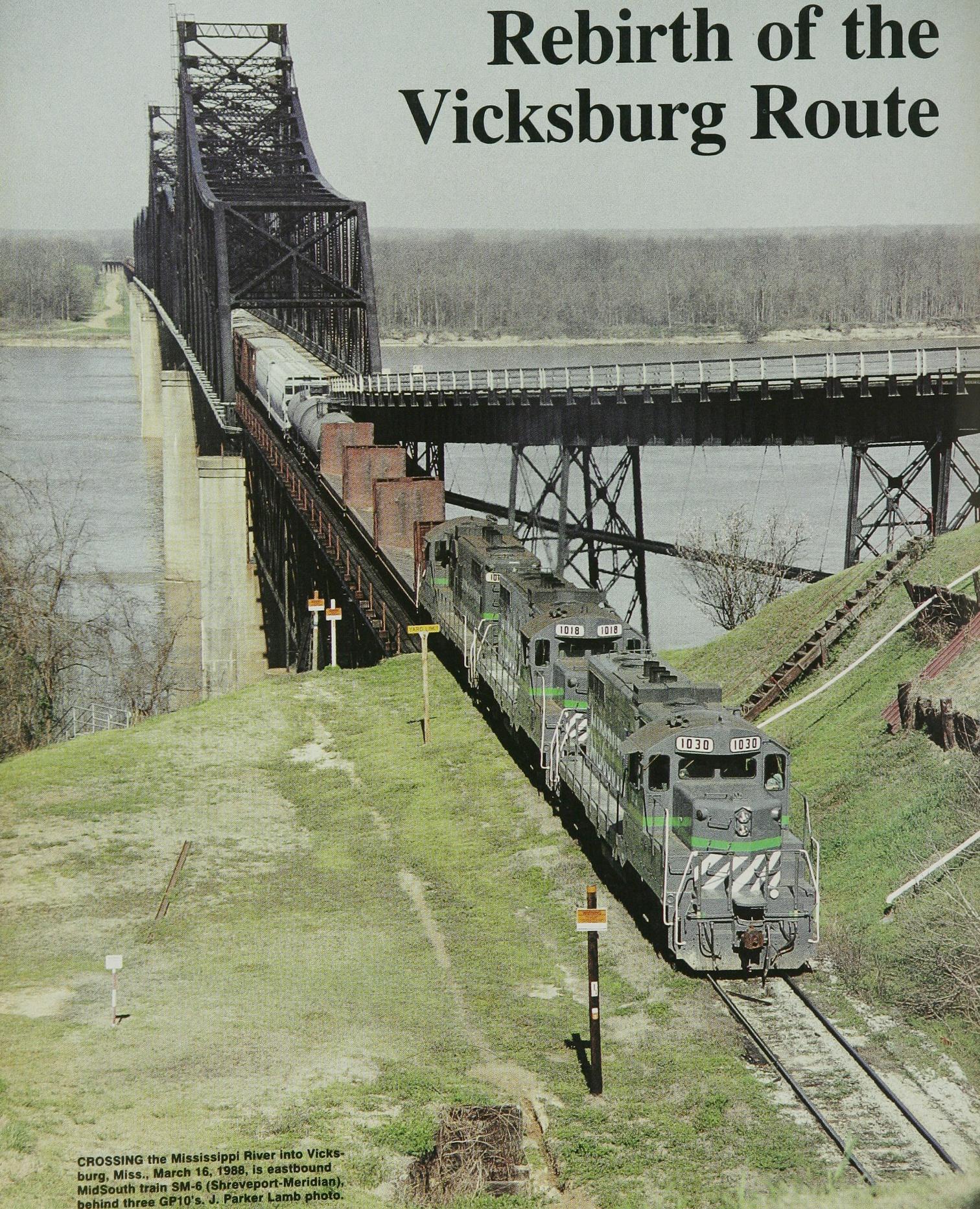
Madison (for a Madison-Janesville sand train) on Soo's ex-MILW line to Watertown, now serviced from each end by Soo locals but not in use as a through route. At Prairie du Chien, BN bought the city spur from the Milwaukee when the latter abandoned, but WICT acquired 2 miles of trackage rights from the diamond at Crawford into town for access to its river island loading facility.

Southeast from Janesville may be where WICT's future is, as CWP eyes a direct access for WICT into Chicagoland. A study of traffic potential and reopening costs is under way, and WICT has already secured trackage rights over Metra's Northeast Illinois Rail Corporation from Fox Lake through Rondout to Cragin Yard in Chicago, where connection is made with the Belt Railway of Chicago; BRC trackage rights to Clearing Yard, for interchange, are pending. There already has been occasional local operation out to Avalon, and should the route reopen beyond there, service from Bardwell Junction east on the old Milwaukee's "Southwestern line" to Elkhorn—last served by Central Wisconsin's subsidiary Elkhorn & Walworth—would resume. (This Sturtevant-Beloit route has been permanently segmented. C&NW bought Beloit-Clinton for new Beloit access; Clinton-Bardwell is torn up; Elkhorn-Burlington is rail-banked by Wisconsin; Soo Line sold trackage in Burlington to Wisconsin Central; Burlington-Union Grove is up for abandonment by Soo; and Soo still runs Sturtevant-Union Grove.)

Much of the WICT is still a 10-mph railroad, with some 20. Some speed restrictions are conservative, given its heavy coal and grain tonnage. According to E. E. Ellis, executive vice president, WICT's goal is all-25 mph, and the railroad is proud of its record of no major derailments. WICT considers its motive power adequate until any expansion from Janesville to Chicago takes place but could use more, and larger, cars in what has become a tight market. WICT owns 75 box cars, 30 open hopper cars (some employed to haul sand), and 25 covered hoppers, mostly former Erie Lackawanna and BN from the 1960's. WICT's entire car fleet averaged one round trip per week per car in 1987.

The survivability of CWP's original Chicago, West Pullman & Southern in a vanishing city industrial environment testifies to the reputation of CWP President Robert E. Smith, a CWP&S veteran, as a man who knows how to run a cost-conscious railroad. Wisconsin & Calumet is profitable, but it is concentrating on boosting traffic while keeping operating costs down, thereby earning enough that it can make a go of it on its own beyond the present expected 5-year window on state funding for its right of way. So far, so good—WICT is succeeding on a rural network where two previous operators have failed. **I**

Rebirth of the Vicksburg Route



CROSSING the Mississippi River into Vicksburg, Miss., March 16, 1988, is eastbound MidSouth train SM-6 (Shreveport-Meridian), behind three GP10's. J. Parker Lamb photo.

MIDSOUTH MIDSOUTH

"We want the singles as well as the home runs of the railroad business"

LOUIS R. SAILLARD

1 THE calendar says it still is winter, but the trees have begun to blossom on a cool and starlit March evening in Mississippi. In the twilight 100 feet below us and a mile south, a train crew of the MidSouth Rail Corporation (MSRC) is making up the last of the system's 35 trains that day, on tracks bordering the Mississippi River. The train is heavy with forest products, chemicals, and some overhead traffic (cars picked up from one interchange partner and delivered to another connection). All the cars have just been loaded, or accepted in interchange from other railroads. If MidSouth's intentions are met tonight, all the cars will be handed off to connections or reach their on-line destinations within 18 hours of their arrival on MidSouth.

The train is designated SM-4, for Shreveport-Meridian, a holdover from the prior operator, Illinois Central Gulf. The crew performs an air-brake test, then the engineer throttles wide for the climb up the 2.06 percent grade through the bluffs east of the river. Up front are five GP10's freshly painted in MidSouth gray, and two more push on the rear, 65 cars away. SM-4 climbs the bluffs at 20 mph, and after a mile, the pushers cut off on the fly, then return to the yard below to end their day. SM-4 continues on unaided, crests the hill in a short, brick-lined tunnel [see cover] whose keystone reads A&V RY. 1898, and disappears into the darkness.

So ends another key segment of the business day on MidSouth, a large regional railroad that has staked its claim over what was Illinois Central territory. MidSouth is a railroad moving confidently into the future, but it's also a company with rich links to the past. Those links are especially strong here, at the Great River, in a city indelibly marked by the 19th-century machinations of railroading and war.

VICKSBURG, Miss., sits high atop a bluff on the east bank of the Mississippi. "The lofty hill-city," Mark Twain called it. After visiting here in 1881, the old river pilot lamented, "Apparently nearly all the river towns, big and little, have made up their minds that they must look mainly to railroads for wealth and upbuilding."

But by then Vicksburg already had been a railroad town for almost 50 years. The Clinton & Vicksburg Rail-

road (later the Vicksburg & Jackson) was incorporated in 1833 and pushed 42-lb. T-rail eastward by 1836. When a brand new Baldwin 4-2-0 (BLW No. 48, completed September 21, 1836), inexplicably named *Mazeppa*, landed by steamboat, the owners were quick to rechristen it the *Commercial* for the Commercial & Railroad Bank of Vicksburg. The *Commercial* was put in regular service May 15, 1838, and was operating from Vicksburg to the Big Black River, 12 miles, by November 1.

By 1840, the Vicksburg & Jackson was connecting its namesake cities, and in conjunction with work done by other companies, trains were running across the state from Vicksburg to Meridian, 140 miles, by June 3, 1861. Across the river from Vicksburg, at Delta Point, La., the Vicksburg, Shreveport & Texas was in the last stages of connecting the Mississippi River with the Ouachita (WASH-a-taw) River at Monroe, La.

Having enhanced the commercial importance of their city above the Great River, the people of Vicksburg then watched while much of their labor and investment was destroyed by the Civil War that followed. The city's strategic, and easily defended, location resulted in a devastating siege which ended in July 1863. In Louisiana, the VS&T ceased operation entirely in the summer of 1863. In Mississippi, military action west of Meridian in 1864 destroyed 51 bridges and removed four miles of track, and by 1865, the cross-state line was exhausted both physically and financially.

However, the geographical wealth of Vicksburg, its place on the river, and the agricultural wealth of the rich Mississippi Delta soil immediately to the north remained. Post-Civil War progress, at first frustrating, ultimately became encouraging.

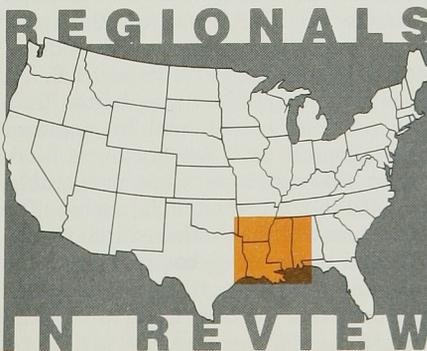
The railroads on both sides of the river at Vicksburg were reorganized. In 1870, construction in Alabama gave Vicksburg an all-rail link to the East for the first time. To the west, the VS&T, renamed the North Louisiana & Texas, was rebuilt and resumed through service on July 1, 1870. Times were still desperate in the Reconstruction South, though, and the NL&T soon collapsed financially. In 1879, it emerged from bankruptcy with a new name that would last: Vicksburg, Shreveport & Pacific. On August 1, 1884, the VS&P was completed to Shreveport, and a connection with the Texas & Pacific, brightening the future of Vicksburg.

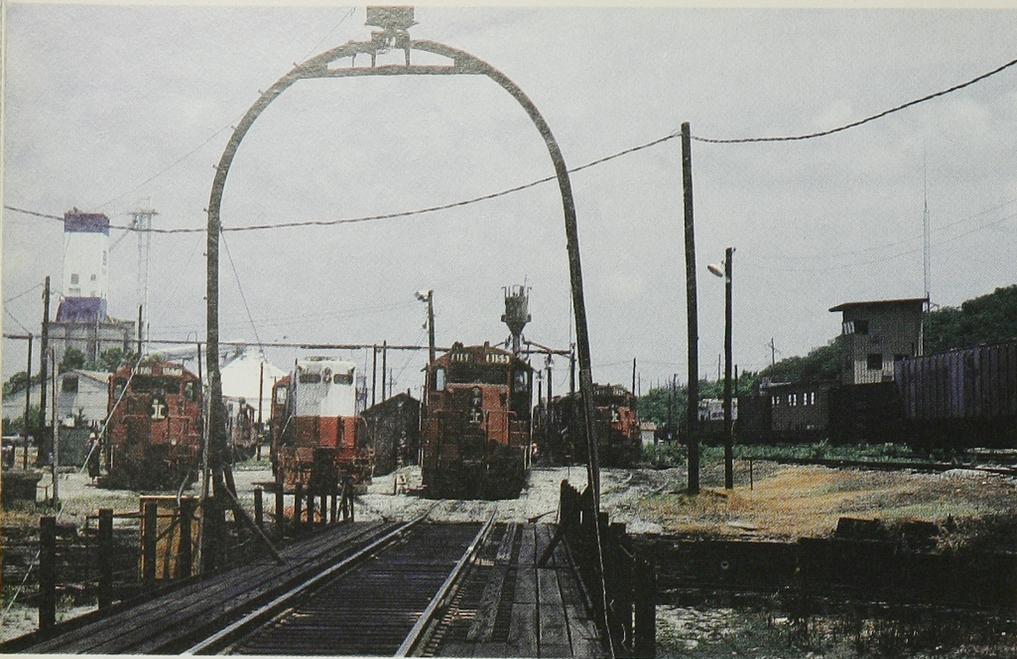
The tracks east of Vicksburg in 1870 were known as the Southern Railroad of Mississippi (not to be confused with the later Southern Railway Co. in Mississippi, a stepchild of the Southern Railway and today's Columbus & Greenville Railway). The company was later reorganized as the Vicksburg & Meridian, but like the NL&T across the river, failed to prosper. General Manager John Scott of the V&M wrote in spring 1885, "If I could get rid of some of our aged and almost useless locomotives, I should be very happy indeed."

On February 1, 1889, the Vicksburg & Meridian was sold under foreclosure to the owners of the Queen & Crescent System and organized March 18 as the Alabama & Vicksburg. The Q&C extended from Cincinnati (the "Queen City") to New Orleans (the "Crescent City") and connected with the newly acquired A&V at Meridian. The Q&C had already purchased control of the VS&P in 1881, so now controlled a "Y"-shaped system centered in Meridian, with legs extending to Cincinnati, New Orleans, and Shreveport.

This concluded a busy decade for the railroads of Vicksburg. In 1884, the Louisville, New Orleans & Texas had completed its north-south Memphis-Baton Rouge main line through Vicksburg, so the city straddled an important rail crossroad. And on October 27, 1885, inclines had been completed at Vicksburg on the river, and through freight and passenger service across the river had begun via rail transfer steamer.

The tracks from Meridian to Shreveport remained part of the Q&C System from 1889 to 1926 and prospered. With the financial backing needed to properly operate the line for the first time in





James W. Terrell.

BRAND-NEW MidSouth had yet to shed its Illinois Central Gulf look in May 1986, as evidenced in above Vicksburg engine terminal scene. Below: Two MSRC units crossed the Red River bridge into Shreveport, La., June 25, 1986, with a transfer from the Bossier City yard.



Louis A. Marre.

its history, the combined A&V-VS&P was improved and upgraded. When the Louisiana Public Service Commission inspected the VS&P in 1904 it was particularly complimentary of the depots and reported, "The train service on this railroad is excellent."

Local folklore has it that a record passenger run was made by the A&V during this period. On February 15, 1898, a troop train picked up from the Southern at Meridian was bound for a military encampment on the site of the Civil War battlefield at Vicksburg. Engineer Charles Lewis and fireman Tuck Gilmore took A&V's then 2-year-old

Baldwin 4-4-0 No. 401 and the train the length of the A&V in 3 hours 14 minutes, an average speed of 43 mph start to stop! Not only was the speed more than twice that carded of A&V scheduled passenger trains in 1898, but the time was 14 minutes better than the previous record held by engineer Bud Hopson and 4-4-0 No. 414. To make the run even more memorable, the 401 hit a cow at Pelahatchie. The unfortunate animal crashed into the depot and upset a red hot stove, and the building burned to ashes. The run and the cow were the talk of the railroad for years.

On October 24, 1892, the north-south Louisville, New Orleans & Texas became part of the Yazoo & Mississippi Valley Railroad, an Illinois Central subsidiary, and Vicksburg remained a busy railroad town into the 20th century. Even into the 1920's, six daily passenger trains served the city in each direction on both the east-west and the old LNO&T lines. After World War I, the Meridian-Shreveport main was promoted as "the Vicksburg Route."

THE five rail lines which made up the old Queen & Crescent System were eventually dispersed to other railroads. In 1926 the A&V and VS&P were, like the LNO&T, leased to Illinois Central's Y&MV (the "Yazoo"). The IC apparently saw promise in the line, because the initial lease period was 357 years, with a privilege of renewal for 999 more.

Shortly thereafter, Vicksburg's rail transportation status was enhanced with the completion on April 28, 1930, of a bridge across the Mississippi by the citizens of Warren County, Miss., for both highway and rail traffic. This allowed the elimination of the steam transfer boats. The structure was built as a toll bridge, and Vicksburg Route trains paid their share on a per-car basis, an arrangement that still exists. In the early years, the toll for automobiles was a rather substantial \$1, and the spans remained a toll bridge for all highway traffic until January 1, 1966. Built for the size and quantity of highway vehicles in use before World War II, the bridge—with the corners on its approaches—in later years became a widely known hazard for long-distance truckers traveling across the south on U.S. 80. The hazardous bridge was bypassed on October 17, 1977, when the Interstate 20 bridge, built 330 feet downstream from the old structure, was opened, and U.S. 80 rerouted over it. The old bridge remains open to local highway traffic.

With the absorption of the A&V and VS&P, the Illinois Central ruled supreme in the rail system of Vicksburg, as well as in much of Mississippi. The IC was then a proud, mature, and respected property which provided unsurpassed freight service and probably the finest passenger trains the area would ever see. Through the years of dieselization in the 1950's and during the very slow decline in passenger service (there were still 28 IC passenger trains systemwide in 1962), the IC dominated railroad transportation in the region. Passenger service on the Vicksburg Route continued until 1968.

IC became Illinois Central Gulf with the 1972 merger of the Magnolia State's other major railroad, the Gulf, Mobile & Ohio. The new system had 9568 miles, nearly monopolizing the



Louis R. Saillard.

IN its rural element, westbound MidSouth freight heading for Monroe, La., cuts through the back country at Delhi, La., on March 11, 1988.

state's rail network, and Vicksburg was still a key rail center. As the Seventies waned, however, the ICG's philosophy changed, and "rationalization" (a euphemism for abandonment) and "spin-off" (sale) became commonly heard terms. Vicksburg's rail status started to dim in 1981, with the beginning of the piecemeal abandonment and sale of the old LNO&T secondary main. Although passenger trains on it had been discontinued in 1950, the line—laid largely with 112-lb. welded rail—still had considerable freight business into the 1970s.

By 1985, ICG mileage had dropped to 5550, and several large spinoff sales were pending. Gulf & Mississippi and Chicago, Central & Pacific would be the first two big ones, completed that year ["ICG's Garage Sale," pages 34-37, February 1988 *TRAINS*], and MidSouth would be the third.

In that April, Edward L. Moyers had been vice president, operations of the Peoria & Pekin Union, the terminal railroad in Peoria, Ill., for eight years. P&PU is owned jointly by ICG, Chicago & North Western, Conrail, and Norfolk & Western. A native of Vicksburg (his father had worked on the Meridian-Shreveport line most of his life), Moyers was a graduate of Louisiana Tech, on-line at Ruston, and had followed a railroad career with IC and ICG before going to P&PU. Moyers recalls, "One day in Chicago, an attorney friend of mine from Washington said, 'Why don't we buy ourselves a railroad?' He didn't seem concerned that neither of us had any money." Without a clear idea of what lines were available or where financing would be obtained, Moyers began to investigate local lines. His first negotiations, for a line in Illinois, were unsuccessful. "Then," as Moyers puts it, "the ICG offered to sell Meridian to Shreveport for \$125 million."



August West.

GEPPS of MidSouth await the arrival of northbound North Louisiana & Gulf train behind MP15's and slug at Gibsland, La., August 14, 1987, a month before MidSouth acquired NL&G.

The old A&V-VS&P line had long been an unusual part of IC and ICG, an east-west segment of a system generally north-south oriented and slimming itself into one such corridor. Also unusual was the Meridian-Vicksburg line's physical condition. Unlike many ICG spin-off candidates which were handicapped by poor track structure, the 308 miles from Meridian to Shreveport were almost exactly half laid with welded rail and the whole line was in good, if not excellent, condition. The north-south stubs of the old Y&MV at Vicksburg that also became MidSouth were all-welded rail.

Moyers and others were surprised to find—almost immediately—three financial groups who were willing to discuss arrangements. The leveraged deal was struck with the Prospect Group, a New York City investment house, and First National Bank of Boston, which would also finance other new regional railroads, including Paducah & Louisville.

After the deal was signed, Moyers

held informational meetings for the affected employees of ICG and personally negotiated contracts with eight labor unions. Perhaps not surprisingly, in view of the ICG tottering around them, the unions were cooperative. Moyers reflects: "One reason we have been successful is our relationship with labor organizations. Our labor has been cooperative because they perceive us as knowing what we are doing." The affected employees would remain union-represented but make concessions on crew size, overtime, and other details. Customarily, MidSouth trains operate with three-person crews.

On March 31, 1986, just 12 months after Moyers' search began to "buy ourselves a railroad," the MidSouth Rail Corp. purchased the Shreveport-Meridian main line and other branches from ICG for \$123.5 million. The most significant branch was a disconnected one—70.2 miles of former Gulf & Ship Island trackage between Hattiesburg and Gulfport, Miss., connecting at the latter with CSX's former L&N New Orleans-

Mobile main. The purchase included a car-haulage agreement whereby ICG transfers cars between Hattiesburg and Jackson, Miss., on MidSouth's main, on a simple basis of \$100 per load, \$50 per empty. The appeal of the Gulfport District is twofold: a Du Pont plant at Delisle, just north of Gulfport, that requires MSRC service six times a week, and a growing Port of Gulfport. The latter currently handles only some export paper products, import ore bound for Delisle, and a little export grain, but MSRC believes the port to be of great potential value. MSRC keeps four diesels in Gulfport for this line.

On its first day of operation, April 1, 1986, MidSouth had 418 miles of railroad, 58 diesels (all ex-ICG Geeps), 15 cabooses, and 25 wood-rack cars to handle pulpwood business. (Now, about 200 freight cars, including box cars, carry the MSRC reporting marks.) MidSouth had 295 employees, 288 of them former ICG people.

One early order of business was an uncommon one for a new regional railroad—paint. MSRC management felt it wise to show both its employees and customers that MidSouth was a new company, and to separate the corporate image from that of predecessor ICG, and so set up a program to repaint all the locomotives, the most visible on-line equipment a railroad owns. MidSouth contracted with Permthane, which had put up a one-stall paint shop across the track from the MSRC engine terminal at Meridian. Black MSRC initials were applied to the ICG Geeps for the time being (or white letters to the old black GP9's), but it didn't take long for repainting to begin. On September 18, 1986, MidSouth displayed GP10 No. 1001, ex-ICG 8192, at Meridian, the first unit to wear MSRC's new gray and green colors, with white lettering (MidSouth does not employ a railroad emblem). Also unlike many other regionals, MidSouth assigned a new number series to its secondhand diesels, and renumbered them in the random order in which they were painted (see roster on page 39). Permthane, along with its painting for other local railroads (most notably locomotives for the Meridian & Bigbee and an office car for the Columbus & Greenville), had virtually the entire original MSRC locomotive fleet repainted by February 1988. The only units to escape were three GP9's and a GP10 that fell victims to wreck damage or major mechanical failures beforehand. One unit, No. 1020, wore its new colors for just 24 days before being destroyed in a grade-crossing collision; MSRC later renumbered a second GP10 as 1020, and the unfortunate original was scrapped at Vicksburg.

While relatively little work was needed on MidSouth's physical plant,

MSRC did make use of some unneeded rail that came with the property. This was some 90-lb. welded rail—included in the purchase price—still in place on the ICG's abandoned Winnfield District, the old Tremont & Gulf connecting with MidSouth at West Monroe, La. This rail was picked up beginning in 1987 and is in the process of being laid in Vicksburg yard and north of town at Redwood.

Upon taking over, MSRC reorganized train schedules. ICG had been down to one freight a day in each direction between Meridian and Shreveport, and MidSouth immediately doubled that to as far west as Monroe. As business increases, MSRC hopes to operate this second service all the way to Shreveport. With current track condition, MidSouth is generally a 40-mph railroad, with which management is happy.

One perceived weakness of the operation under ICG was inattention to car rental expenses. G. D. Harmon, Mid-

South's superintendent of transportation, says, "Our schedules are geared to our connections. We want cars picked up 30 minutes to two hours after they are delivered to us." That goal is not always met, but on a recent fall morning the ICG set out 61 cars on MidSouth's busiest interchange track, in Jackson, Miss., at 8:30 a.m., and an MSRC crew had the cars moving again to their destinations by 9:05.

MidSouth's single largest customer is the International Paper mill at Redwood, just north of Vicksburg on the old Y&MV. Every day at 6 a.m., except when the mill is shut down for repairs, a local leaves Vicksburg with lots of loaded pulpwood cars and empty box cars for paper loading. This train is back into Vicksburg by 4 p.m. with 30 or so loads every day. Eastbound train SM-4 is scheduled into Vicksburg at 5:45 p.m., and generally requires less than an hour to pick up the loads and head east. If all goes well, the loads are



Lon Coone.

OUTSIDE the small, new Permthane shop in Meridian, Miss., October 19, 1986, are freshly painted MidSouth GP18 1801, plus GP10 8029 ready for gray and green. It will become 1005.



J. Parker Lamb.

EASTBOUND freight SM-6 is ready to depart Jackson, Miss., for Meridian on March 17, 1988, having shed No. 1027, the fifth unit in its diesel consist. Extra horsepower is unnecessary east of the grades leaving the Mississippi valley between Vicksburg and the state capital.

off line on the ICG interchange in Jackson by 9 p.m.

In addition to the two road freights each way and the Y&MV local at Vicksburg, other mainline road-switcher or local jobs originate at Bossier City (Shreveport) and Monroe, La., and Vicksburg, Jackson, Newton, and Meridian, Miss. Generally, MidSouth is a seven-days-a-week operation with its mainline freights, with most of its local jobs operating weekdays or daily except Sunday.

To keep car-hire charges to a minimum, MidSouth's goal, as explained by John Staley, vice president and chief marketing officer, is "to spot a car for

loading 18 hours or less after it is received empty by us and to interchange loads 18 hours or less after they are loaded." Through freights are scheduled to cover the length of the railroad in about 14 hours.

MidSouth's carloadings, which totaled 11,800 in February 1988, are predominately paper and chemical related. Broken down by commodity in percentage, they were: pulpwood and primary forest products, 25 percent; paper and allied products, 21 percent; chemicals, 16; lumber, 7; and grain, 6 (leaving 25 percent for all others). Traffic is a nice mix; of the loads, about 35 percent are inbound and 31 percent are originated

on-line, with the remainder being overhead traffic. Although originating and terminating traffic has grown 10 percent a year, the highly competitive overhead traffic has actually declined slightly. "There is no such thing as a friendly connection in the railroad business," says Staley of this deregulated age.

MidSouth moves no grain or coal unit trains, although Archer-Daniels-Midland Corp. does bring 75-car unit grain trains to MidSouth's Union Pacific (ex-Missouri Pacific) connection at Monroe for dispersal to eight poultry processors on MSRC. These customers serve some 30 million broiler chicks in

MidSouth's expanding empire

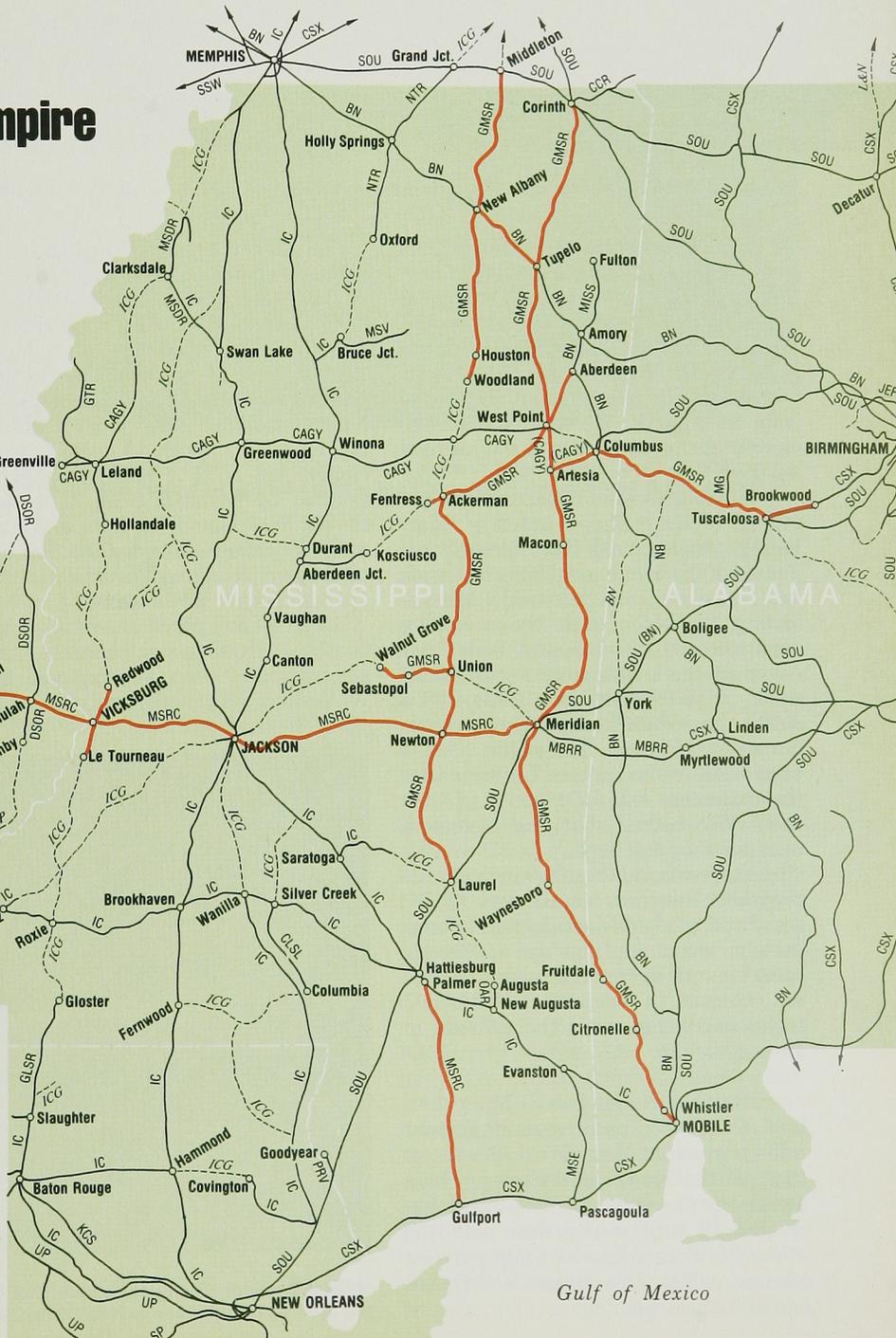
Abandoned lines shown as dashed lines with predecessors in italic.
Only lines abandoned after 1975 shown.

0 10 20 30 40 50 miles

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MSRC MidSouth Rail Corporation
NLG North Louisiana & Gulf
CLG Central Louisiana & Gulf
GMSR Gulf & Mississippi

Key to initials	LD Louisiana & Delta
ADN Ashley, Drew & Northern	LNW Louisiana & North West
ALM Arkansas & Louisiana Missouri	LOAM Louisiana Midland
BN Burlington Northern	MBRR Meridian & Bigbee
CAGY Columbus & Greenville	MG Mobile & Gulf
CCR Corinth & Counce	MISS Mississippian
CLSL Columbia & Silver Creek	MP Missouri Pacific
CSX CSX Corporation	MSDR Mississippi Delta
DSOR Delta Southern	MSE Mississippi Export
EACH East Camden & Highland	MSV Mississippi & Skuna Valley
EDW El Dorado & Wesson	NLC New Orleans & Lower Coast
FP Fordyce & Princeton	NTR Natchez Trace
GLSR Gloster Southern	OAR Old Augusta
GTR Great River	PRV Pearl River Valley
IC Illinois Central	SOU Southern Railway
ICG Illinois Central Gulf	SP Southern Pacific
JEFW Jefferson Warrior	SSW St. Louis Southwestern
KCS Kansas City Southern	UP Union Pacific
L&N Louisville & Nashville	



Gulf of Mexico



J. Parker Lamb.

ARRIVING in Gibsland June 23, 1988, MidLouisiana's daily train with two MP15's and an MSRC GP10 passes the Louisiana & North West shop.

the area. When MSRC gets instructions from ADM by 3 p.m. on any given day, the processors receive their assigned cars of feed the next day. Says Moyers, "We don't just look for the unit coal or grain trains. We look for the shipper with just four, two, or even one car to ship; we want it. We want the singles as well as the home runs of the railroad business."

MidSouth's sales department is not typical of the railroad industry. Marketing people at MSRC represent all phases of the commercial interface with the customers, from sales calls to rate-setting to liaison with the operating department. The company feels that many of the nuances of a customer's needs or wishes are lost if his file is simply passed from department to department. Harmon: "There has been a perception in the railroad business that the customers ask for more than they need. We assume that the customers need all they ask for."

Interestingly, there is currently no piggyback business at all, and MSRC sees little economic justification to originate or terminate "pigs" on a 300-mile operation. However, management does see potential in overhead TOFC/COFC trains operating across the railroad in 10 or so hours.

THEN there's pulpwood. More than half of the wood used by on-line paper mills is truck-hauled. "We'd like to get that off the road," says Staley. There are two paper mills on MidSouth proper, the IP mill at Redwood and the Mansville Forest Products mill at West Monroe, which is a larger facility but heavily truck-oriented.

MidSouth made the first of its two expansions, and significantly broadened its base of forest products traffic, on September 8, 1987, when it purchased a shortline connection, the 113-mile system of Stone Container Corporation's North Louisiana & Gulf Railroad. The NL&G itself extended from Gibsland, La., on MSRC, south 40 miles to North Hodge, La., and it also operated the Central Louisiana & Gulf, 71 miles of the old Rock Island, on down to Alexandria, including Kansas City Southern trackage rights from Winnfield into Alexandria, since given up.

The NL&G purchase signified MidSouth's early financial health, a status not enjoyed by every new regional. Said W. Wallace McDowell, chairman of the

board of MidSouth and chairman and CEO of the Prospect Group, in a November 12, 1987, announcement of the separation of MidSouth and Prospect stock shares, "The unstapling of MidSouth's shares, approximately two months earlier than originally planned, recognizes that MidSouth is well established as an independent operating company with substantial cash flow and strong growth prospects. We believe that MidSouth's earnings growth prospects are extremely strong. Since the company was acquired with leverage, net income is expected to increase rapidly as the company's substantial cash flow is used to retire debt. Therefore, operating income is currently a much more accurate measure of the fu-



Daniel M. Schroeder.

WITH the sale of North Louisiana & Gulf's slug, freights on what now is MidLouisiana Rail often draw an MSRC Geep to help the ex-NL&G MP15's, as on this northbound, April 19, 1988.

ture earning power of MidSouth." At that time, MSRC was estimating that for the calendar year 1987, it would bring down \$3.8 million to net on operating income of \$20 million.

MidSouth christened its new rail operation MidLouisiana Rail Corp. The acquisition added traffic of 15,000 loads a year from the Stone Container mill and other customers at North Hodge. It also, incidentally, gave MidSouth its first modern locomotive repair facility, at North Hodge, as well as NL&G's fleet of over 1100 cars, virtually all 50-foot box cars for paper service. With only outdoor locomotive servicing facilities at its eastern and western extremities and in Vicksburg, and none at all in Jackson, MSRC was in need of a shop. But North Hodge is out of the way. "It's a fine shop, but in the wrong place for us," says Harmon. Consequently, MSRC began construction on a two-stall shop on the site of the old IC roundhouse at Vicksburg in November 1987, and hopes to add other facilities.

Wishing to standardize on small Geeps and the EMD 567 engine, MidSouth almost immediately sold off the NL&G's most recently acquired locomotive, a former Conrail (Pennsylvania-Reading Seashore Lines) GP38, and an ex-RI slug (the Geep wound up on Iowa Interstate). NL&G's other units, four 1975 EMD MP15's, continue to operate on NL&G as they have been, restenciled MLRC but not repainted. Their fate has not yet been decided.

Generally, two units switch Stone's plant, and the other two (or one with an MSRC Geep) make a daily daytime run to Gibsland, where a six-day-a-week mass exchange of cars, known to the railfan fraternity as the late-afternoon "Gibsland Shuffle," occurs among NL&G, MidSouth, and Louisiana & North West. It has been observed that when the two short lines converged on the tiny town of Gibsland, accompanied perhaps by one or even two trains on the east-west IC (now MSRC), this was probably the busiest railroad junction in the state.

L&NW, the 62-mile line known for its F7 diesels ["567's in the Bromine Belt," pages 24-37, May 1985 TRAINS], has been affected by MidSouth's purchase of NL&G, for much of the Stone Container traffic bound for northern gateways that went up L&NW to the Cotton Belt now goes east on MidSouth instead. MidSouth marketing people are reassuring, though, on the future of L&NW. Says one traffic representative, "It will make their life tougher, but we're working with them. Remember, it is easier and quicker for the L&NW to take traffic bound for the Cotton Belt to McNeil (Ark.) than for MidSouth to take it to Shreveport."

Having increased in size once, Mid-



Louis R. Saillard.

TWO ex-BN SD45's and a GP10 rock along 5 miles north of Tupelo, Miss., June 5, 1985, with a 119-car Gulf & Mississippi freight for Corinth. Big SD's proved too much for GMSR track.

South announced on December 3, 1987, an intention to grow again, by acquiring the faltering Gulf & Mississippi [page 9, February 1988 TRAINS] in what would amount to the first merger of large, new regionals.

THE G&M (reporting marks GMSR) was MidSouth's second most important connection after ICG. Gulf & Mississippi was ICG's first large regional spinoff. The sale for 713 miles for \$22½ million was revealed in 1984 [pages 7-8, April 1984 TRAINS] and closed on July 10, 1985. Substantially, the G&M was a reincarnation of the main line of the old Mobile & Ohio (which merged with Gulf, Mobile & Northern in 1940 to form the GM&O) from Corinth, Miss., to Mobile, Ala., with a branch from Artesia, Miss., to Tuscaloosa, Ala. A couple of branches completed the new railroad, one ex-IC branch plus two parts of the old GM&N main, one of which was reached by trackage rights. G&M later purchased some former Louisville & Nashville track in the Tuscaloosa area to give it a CSX connection, which brought G&M mileage up to 732. G&M interchanged with MidSouth at Meridian and Newton.

Where Illinois Central Gulf had received \$306,000 a mile for the track in the MidSouth sale, however, the G&M price came out to only \$31,000 a mile, and the differences in the two new railroads were numerous. For example, G&M—paralleled on the east by Burlington Northern (ex-Frisco) and on the west by ICG—had only about 2½ to 3 percent of its business as overhead traffic. Also, since ICG was still active in eastern Mississippi when it sold off the lines to G&M, it kept some good traffic sources away from the new railroad. G&M interchanged cars with connections at Meridian and Mobile, for example, but it reached both cities only on ICG trackage rights, serving no local customers at either.

G&M also faced a huge track rehabilitation program, and was staggered by it. The new company did make some good progress, such as at its operational hub of Artesia, where 100 percent of the ties were replaced on some of the most important trackage. But long segments of poor track limited train speed to 10 mph or less, and G&M essentially was forced to function as a 700-mile shortline. Consequently, while it was twice as long a railroad as MidSouth,

G&M's revenues were less than half as much, and while MSRC's operating ratio was a tidy 63 percent (63 cents spent for every dollar taken in), G&M's was a grievous 120 percent.

G&M went through one management change and, with the specter of the Chicago, Central & Pacific financing and management coup hanging in the breeze of all regionals, hung on despite financier unrest. There was talk of G&M declaring Chapter 11 bankruptcy, but such a step—especially right after the CC&P change—might have doomed the regional movement, even before the labor court cases slowed it down. Meantime, MidSouth was in the wings.

MidSouth had determined that with proper management and the rehabilitation of the physical plant (an Ed Moyers rule: "If rehabilitation is needed, it must be done immediately"), that connection G&M could be profitable in its own right and an extremely attractive adjunct of MidSouth. The railroads are similar in their major traffic base, forest products, and both interchange a lot of lucrative chemical traffic at Meridian. The city is also served by the Southern and the Meridian & Bigbee.

MidSouth planned to operate G&M as subsidiary SouthEastern Rail Corp., as it had done with NL&G as MidLouisiana Rail, but shortened the new G&M name to SouthRail.

With the approval of the G&M board of directors for the proposed acquisition, and pending regulatory approval of it, MidSouth's Vice President and Chief Transportation Officer Peter F. Turrell (17½ years with IC and ICG and MidSouth's second employee after Moyers himself) resigned from MSRC and became senior vice president and general manager of the Gulf & Mississippi.

At G&M, Turrell remained free from his once and future bosses and, as



TRAINS: J. David Ingles.

ARTESIA, Miss., October 10, 1986: One of five GP10's to wear G&M's GM&O-like red and white arrives from the north with an unrepaired sister, while the engine facility hosts an ex-Conrail GP38 and GP10 8187. MidSouth likes GP10's, and so released the five Conrail units.



TRAINS: J. David Ingles.

Louis R. Saillard.



Eddie Shaw.

RAINBOW of MidSouth colors shows up at Vicksburg on July 17, 1987 (above), on GP10 1018 with unrepaired CF7 7004 and GP10 8184; the 9003 (right) is one of five repainted former IC GP9's in service.



Power of the Vicksburg Route

MidSouth Rail Corp. units

No.	Model	Previous Nos.	Renumbering dates	Notes
1001	GP10	IC 8192, 8980	9-18-86, 1970	
1002	GP10	ICG 8087, IC 9087	9-22-86, 1970	
1003	GP10	IC 8142, 9142	10-4-86, 1969	
1004	GP10	ICG 8120, IC 9120	10-10-86, 1973	
1005	GP10	ICG 8029, IC 9029	10-31-86, 1973	
1006	GP10	IC 8127, 9127	11-5-86, 1972	
1007	GP10	IC 8112, 9112	12-4-86, 1971	
1008	GP10	ICG 8074, IC 9074	12-8-86, 1973	
1009	GP10	IC 8102, 9102	12-22-86, 1970	
1010	GP10	IC 8062, 9062	12-31-86, 1972	
1011	GP10	IC 8076, 9076	1-10-87, 1972	
1012	GP10	ICG 8026, IC 9026	1-20-87, 1972	
1013	GP10	ICG 8108, IC 9018	2-2-87, 1972	
1014	GP10	ICG 8155, IC 9155	2-4-87, 1972	
1015	GP10	ICG 8306, IC 9306	2-10-87, 1972	
1016	GP10	IC 8018, 9018	3-2-87, 1972	
1017	GP10	IC 8348, 9348	3-9-87, 1971	
1018	GP10	ICG 8282, QNSL 125	3-20-87, 1972	
1019	GP10	ICG 8273, RDG 665	3-30-87, 1972	
1020 1st	GP10	IC 8259, 8959	4-4-87, 1970	1.
1020 2nd	GP10	IC 8276, QNSL 140	6-30-87, 1972	
1021	GP10	IC 8318, 9318	4-8-87, 1971	
1022	GP10	IC 8003, 9003	4-21-87, 1970	
1023	GP10	ICG 8007, IC 9007	4-28-87, 1972	
1024	GP10	ICG 8125, IC 9125	6-3-87, 1973	
1025	GP10	IC 8328, 9328	6-8-87, 1971	
1026	GP10	IC 8268, SP 3664	7-7-87, 1971	
1027	GP10	IC 8140, 9140	7-15-87, 1970	
1028	GP10	IC 8107, 9107	7-21-87, 1969	
1029	GP10	IC 8152, 9152	7-8-87, 1972	
1030	GP10	ICG 8287, C&O 6164	7-8-87, 1973	
1031	GP10	ICG 8307, IC 9307	1987, 1974	
1032	GP10	IC 8184, 9184	8-5-87, 1971	
1033	GP10	ICG 8128, IC 9128	9-11-87, 1972	
1034	GP10	IC 8081, 9081	1987, 1971	
1035	GP10	IC 8143, 9143	1987, 1971	
1036	GP10	IC 8177, 9177	1987, 1970	
1037	GP10	ICG 8137, IC 9137	10-31-87, 1974	
1038	GP10	IC 8139, 9139	11-6-87, 1971	
1039	GP10	ICG 8122, IC 9122	11-16-87, 1974	
1040	GP10	IC 8078, 9078	11-24-87, 1970	
1041	GP10	ICG 8141, IC 9141	11-30-87, 1973	
1042	GP10	ICG 8281, QNSL 146	12-9-87, 1972	
1043	GP10	IC 8322, 9322	12-12-87, 1971	
1044	GP10	IC 8071, 9071	--, 1971	
1045	GP10	ICG 8085, IC 9085	--, 1973	
1046	GP10	IC 8094, 9094	1-28-88, 1972	
1047	GP10	IC 8151, 9151	--, 1972	2.
1048	GP10	IC 8196, 9196	--, 1969	2.
1049	GP10	IC 8160, 9160	--, 1972	2.
1050	GP10	IC 8166, 8956	--, 1970	2.
1801	GP18	IC 9419	10-10-86	3.
1802	GP18	IC 9421	3-17-87	3.
1803	GP18	ICG 9422, IC 9422	5-3-87	3.
1804	GP18	IC 9404	1988	3.
7001	CF7	ATSF 2496, 253C	7-87, 10-29-74	
7002	CF7	ATSF 2609, F3A 29L	12-87, 8-18-72	
7003	CF7	ATSF 2621, 227L	7-87, 5-18-72	
7004	CF7	ATSF 2564, 305C, 38C	7-87, 7-12-73	
7005	CF7	ATSF 2591, 235L	12-87, 12-7-72	
7006	CF7	ATSF 2586, 244C	7-87, 1-17-73	
7007	CF7	ATSF 2504, F9A 284C	7-87, 8-30-74	
7008	CF7	ATSF 2577, 204L	12-87, 4-13-73	
7009	CF7	ATSF 2573, 248C	12-87, 5-4-73	
7010	CF7	ATSF 2561, 230C	--, 7-27-73	4.
7011	CF7	ATSF 2616, F3A 16C	7-87, 6-23-72	5.
7012	CF7	ATSF 2538, 307L	7-87, 1-9-74	5.
7013	CF7	ATSF 2566, 216C	1-88, 6-22-73	
7014	CF7	ATSF 2589, 243L	1-88, 12-21-72	
7015	CF7	ATSF 2596, 212C	1-88, 11-1-72	
8099	GP10	ICG 8099, IC 9099	--, 1974	6.
9001	GP9	IC 9174	11-19-86	7.
9002	GP9	IC 9006	--	7.
9003	GP9	IC 9344	--	7.
9004	GP9	IC 9360	--	7.
9005	GP9	IC 9368	--	7.
9006	GP9	IC 9340	--	7.
9007	GP9	IC 9178	--	7.
9008	GP9	IC 9145	--	7.

Former Gulf & Mississippi units

G&M No.	Model	Previous Nos.	Rebuilt	Notes
7760	GP38	CR 7760, PC 7760	--	8.
7781	GP38	CR 7781, PC 7781	--	8.
7790	GP38	CR 7790, PC 7790	--	8.
7792	GP38	CR 7792, PC 7792	--	8.
7811	GP38	CR 7811, PC 7811	--	8.
8009	GP10	IC 8009, 9009	1968	9.
8025	GP10	IC 8025, 9025	1968	9.
8034	GP10	IC 8034, 9034	1973	
8051	GP10	IC 8051, 9051	1971	
8052	GP10	IC 8052, 9052	1967	9.
8069	GP10	IC 8069, 9069	1969	9.
8082	GP10	IC 8082, 9082	1967	9.
8100	GP10	IC 8100, 9100	1971	
8106	GP10	IC 8106, 9106	1971	
8115	GP10	IC 8115, 9115	1971	
8133	GP10	IC 8133, 9133	1971	
8148	GP10	IC 8148, 9148	1971	
8167	GP10	IC 8100, 9100	1971	
8187	GP10	IC 8187, 9187	1971	
8191	GP10	IC 8191, 9191	1969	
8193	GP10	IC 8193, 9193	1970	
8195	GP10	IC 8195, 9195	1970	
8197	GP10	IC 8197, 9197	1970	
8210	GP10	IC 8210, 9210	1970	
8212	GP10	IC 8212, 9212	1971	
8215	GP10	IC 8215, 9215	1971	
8222	GP10	IC 8222, 9222	1970	
8223	GP10	IC 8223, 9223	1971	
8224	GP10	IC 8224, 9224	1970	
8225	GP10	IC 8225, 9225	1970	
8226	GP10	IC 8226, 9226	1970	
8227	GP10	IC 8227, 9227	1970	
8228	GP10	IC 8228, 9228	1970	
8230	GP10	IC 8230, 9230	1971	
8235	GP10	IC 8235, 9235	1970	
8236	GP10	IC 8236, 9236	1971	
8247	GP10	IC 8247, 9247	1970	
8248	GP10	IC 8248, 9248	1971	
8256	GP10	IC 8256, 9256	1970	
8266	GP10	IC 8266, 8973	1971	

Former North Louisiana & Gulf units

NLG No.	Model	Previous Nos.	Built	Notes
42	MP15DC	--	1975	10.
43	MP15DC	--	1975	10.
44	MP15DC	--	1975	10.
45	MP15DC	--	1975	10.
46	GP38	CR 7660, PRSL 2000	1967	11.

All units are B-B type, built by Electro-Motive Division.
 Key to initials: ATSF, Atchison, Topeka & Santa Fe; C&O, Chesapeake & Ohio; CR, Conrail; IC, Illinois Central; ICG, Illinois Central Gulf; PRSL, Pennsylvania-Reading Seashore Lines; QNSL, Quebec North Shore & Labrador; RDG, Reading; SP, Southern Pacific.
 "Previous Nos." identification reflects IC or ICG lettering, and ATSF F7 (unless noted) number.
 "Renumbering dates" are MSRC (first), if known, followed by IC/ICG Paducah (or Santa Fe Cleburne) rebuild dates.
 All CF7's acquired through National Railway Equipment Co.
 For ex-Gulf & Mississippi units, only IC/ICG rebuild date is given; none were yet repainted MSRC. All acquired by G&M directly from ICG except the five noted as repainted, acquired through PNC.
 Notes:
 1. Wrecked at Morton, Miss., April 28, 1987, scrapped at Vicksburg in June 1988.
 2. Purchased from National Railway Equipment, Chicago, June 20, 1988, to be remanufactured by VMV, Paducah, Ky.
 3. Built in 1963 (1804 built in 1960), not rebuilt.
 4. Acquired from Econo-Rail Corp., Port Arthur, Tex.
 5. 7011 originally 1st 7004, 7012 originally 1st 7002.
 6. Damaged at Simsboro, La., in 1987, stored at Vicksburg awaiting scrapping.
 7. Built 1954-1958, not rebuilt; 9006-9008 stored, not yet renumbered: 9006 wrecked at Morton, Miss., April 28, 1987; 9007 has failed prime mover; 9008 has failed main generator.
 8. Built 1969; returned to lessor by MSRC.
 9. Repainted G&M red and white by Precision National Corp. (PNC)
 10. May be returned to lessor.
 11. Sold by MSRC, became Iowa Interstate 600
 Sources: MidSouth; Gulf & Mississippi; Illinois Central Gulf; *Extra 2200 South*. Roster accurate to January 10, 1989. L.R.S./J.D.I.

he says, "did some common-sense things that should have been done before I got here." Train scheduling had been nonexistent, so schedules were changed to serve the customers, and two of the road-switchers, at Louisville (LOO-iss-vill) and Waynesboro—eliminated by G&M as an economy move—were reinstated. Turrell believes that G&M's traffic, which was increasing at the rate of about 500 cars a year to the present 72,000, could be increased further. "More business is to be had," he says, "if we can handle the trains. Our customers have been losing their market share because of the costs of trucking. Customers can save money by using us over trucks after we show them we're a reliable railroad."

G&M had begun with a motive-power fleet consisting entirely of ICG GP10's, the "Paducah rebuilds," 30 directly from ICG and 5 from Precision National Corp., which had painted the quintet in G&M's colorful GM&O-like red-and-white with the wing emblem. (With scant money to spend on anything, G&M never got another unit repainted.) To augment this power, G&M had acquired five ex-Conrail GP38's and five former Burlington Northern SD45's, which it leased at relatively high daily rates. G&M is far from the only regional to lease the big ex-BN 20-cylinder, 3600 h.p. SD's, but it was probably the user with the poorest track. Said one G&M engineer of them, "They're purty good old motors on the main line, but they ain't much good for switchin' wood yards."

One of Turrell's first acts was to terminate the leases on the expensive and heavy units and replace them with 11 CF7's, 7005-7015, leased from MidSouth at about half the daily cost. He also had G&M buy outright the five GP10's on lease/purchase from PNC, which saved some \$130,000 on lease payments. The SD45's were put into storage at Artesia pending return to their owners, and the GP38's (four in Conrail blue, one still in Penn Central black) wound up going to the Atlanta & St. Andrews Bay in Florida, replacing the Bay Line's six-motor units.

In the first week of February 1988, G&M leased access to MidSouth's computer in Jackson for car supply, accounting, and other financial services. Gulf & Mississippi had wrongly assumed it could initially get along without a major computer system and, when it found out different, could not afford one. Rental of services from MidSouth allowed quick implementation of adequate systems.

So things had already begun to change for the better on the G&M when, on February 1, 1988, the Interstate Commerce Commission approved the formation of SouthRail Corp. to



J. Parker Lamb.



J. Parker Lamb.

INTERCHANGES: At Meridian, Miss., Southern's turn to Akron, Ala., greets two MidSouth GP10's assembling freight MS-5 (left) June 21, 1988. On March 15, 1988 (right), Arkansas & Louisiana Missouri's daily turn to Bastrop, La., comes into MSRC's Monroe yard with paper products.

take G&M over. SouthRail began operation April 14. "I didn't throw a party," says Turrell; "I bought 5000 crossties." The G&M headquarters, in its second rented office space in Columbus, Miss., was closed the next day. Marketing, accounting, and train dispatching were moved to MidSouth offices in Jackson, which occupy one floor of a modern brick/glass building on Capitol Street. Only a small operating headquarters, formerly the site of the dispatcher's office, remains in Artesia, across the tracks from the (outdoor) locomotive service area. (G&M's only indoor locomotive repair facility had been the ramshackle roundhouse in Tuscaloosa.)

New labor contracts, similar to those for MidSouth employees, were negotiated with G&M's six unions. Future wage hikes will be tied to the increase in operating revenue.

What else will be changing on the old G&M? "First," says Turrell, "we'll put in a hell of a lot of crossties"; the figures are 110,000 a year for the first and second year, along with an estimat-

ed 1500 carloads of ballast. The company also will replace some rail. Most of the old GM&O 80-lb. and 90-lb. jointed rail is still suitable, but scheduled for replacement are 17 miles of 75-lb. rail—rolled in 1896—on the former Illinois Central trackage south of Starkville. Some of the old 90-lb. welded rail off the Tremont & Gulf will come to the G&M. The total rehabilitation is estimated to cost \$9 million. As the new SouthRail, Turrell looks for a reliable 25-mph railroad that can move a car the 325-mile length of the main line from Corinth to Mobile in 36 hours, and on a schedule that will connect with the road-switchers and locals to provide timely delivery to the customers.

The former G&M operates road-switchers and locals out of Corinth, Tupelo, Artesia, Waynesboro, and Meridian, Miss., on the main line, and at Tuscaloosa and Mobile, Ala. On the old GM&N, a local out of New Albany serves the isolated northern segment, reaching the Gulf & Mississippi main on BN (Frisco) trackage rights to Tupe-

lo. A job out of Aberdeen, Miss., on the old IC serves the lines to Ackerman and on down the other part of the old GM&N, primarily to Houston. One segment of G&M is up for abandonment, from Newton (on the MSRC) south to Laurel, Miss.

SouthRail's locomotives will remain G&M's fleet of GP10's and CF7's. The CF7's have been painted by Permatane at Meridian and numbered into the MSRC system. Most of G&M's almost 900 freight cars will continue to carry GMSR reporting marks for the immediate future.

So, though the Gulf & Mississippi name has become a Fallen Flag, an old Gulf, Mobile & Ohio corporate policy of "25 mph freights and good customer service" is, happily, returning.

AND of MidSouth's long-term future? The system has grown from its original 418 miles of March 31, 1986, to 536 miles with the NL&G purchase of September 8, 1987, and to 1268 miles with the control of Gulf & Mississippi—



Louis R. Saillard.

IN addition to five dozen Geeps, MidSouth has 15 CF7's, rebuilt by Santa Fe from F units in the early 1970's. Nos. 7001 and 7004 were at Vicksburg April 21, 1988 (above); eleven are on the former Gulf & Mississippi. New shop building at Vicksburg (right) is a boon to MidSouth.





J. Parker Lamb.

IN typical small-town scene, mix of GP10's and CF7's rolls SM-6 through Edwards Miss., 20 miles east of Vicksburg, on St. Patrick's Day 1988.

a 300 percent expansion in just two years. It is now larger than three Class 1 railroads—Florida East Coast, Grand Trunk Western, and Guilford's Boston & Maine—and approaches the size of neighbor Kansas City Southern. Quite obviously the rehabilitation of the G&M will require much funding and management talent. Could there be further expansion? One MSRC official says, "Mr. Moyers has some very definite ideas about that." Moyers apparently feels that a 2000-mile system is "about as much railroad as you can put your arms around," especially if it is relatively compact, such as in a 300-mile radius from a point where marketing and supervisory personnel can be based. The largest current new regional, Wisconsin Central Ltd., just about fits that description, incidentally.

One possible expansion avenue is Illinois Central's remaining access to

the Port of Mobile, from Jackson, Miss., which not incidentally would tie the MSRC's two original districts together and provide much more convenient access to Mobile than over the former G&M. But IC does not seem to be inclined for now to sell any more major lines, having reached its desired core system.

And what of the much-discussed Amtrak service over MidSouth? Under consideration in 1987 was a Dallas section of the New York-New Orleans *Crescent*, to split at Meridian and operate over MidSouth to Shreveport and UP (MoPac) to Dallas. It was predicated on receiving a mail contract, and when that fell through, so did the discussion [page 10, January 1988 TRAINS]. Further negotiations are still possible, but MSRC seems less than enthusiastic. The company is quick to point out that operating an Amtrak train the length of the system would generate about the same revenue for MidSouth as would hauling five loaded freight cars the same distance.

At its present size, the MidSouth Rail Corp. system may be ready to graduate from a regional carrier to a Class 1. It hauls about 250,000 loads a year, and its expected \$92 million in annual revenue for 1988 would surpass the previous level of \$88.5 million needed to be reclassified upward. But that level is adjusted each year for inflation, and no new regional (other candidates include Chicago Central & Pacific and Wisconsin Central) has yet to make the grade.

Thanks to traffic growth, MidSouth completed its first full year of operation ahead of anticipated financial performance, with a \$5.35 million profit on

revenues of \$53.1 million, a return of about 10 percent. Its 1987 operating ratio was 63 percent, one of the best in the industry. And while revenues per track mile are also high, they are heavily tied to the forest products industry. One MSRC official recalls, "We have three paper mills on this railroad, and last year all three shut down for vacations and repairs during the same month. It was awfully quiet around here."

MidSouth has put together an operation that is well financed and managed by experienced railroaders. President/CEO Moyers has been quoted as saying, "America has a great affection for railroads. Perhaps no other industry in the country has as many so-called buffs as the railroad industry. I myself have worked in the industry all my life and am, in a sense, a sort of buff. Yet a fascination with railroads should not be substituted for an understanding of railroads. These are marginal businesses that require all the skill and experience that can be marshalled in a management team. You just can't substitute enthusiasm for know-how."

So far, MidSouth's know-how has brought success. I

LOUIS R. SAILLARD, 39, a native of Hammond, La., and a resident of Baton Rouge, is a rail photographer and historian specializing in subjects in his area. His photos have appeared in several magazines and books. He wrote the story of the demise of the old West Feliciana Railroad, oldest component of the Illinois Central, in June 1979 TRAINS, and authored "Delta Route," a 1981 Columbus & Greenville Railway company history book.



J. Parker Lamb.



CREWS change on Extra 555 East at Brookings in a blizzard on February 14, 1988. Trailing SD10 555 are leased D&I Railroad GP9's. Steve Friezen photo.



I YOU can't help but get the impression that the Dakota, Minnesota & Eastern Railroad is a hardworking carrier. From the severe ruling grades on the east and west ends of its main line to the elderly locomotive shop where mechanics maintain mainly old SD9's and kin, DM&E is a regional railroad that seems to thrive on maximum effort. You could even say its initials stand for "determined, managed, and efficient."

Like the country it serves, there is

nothing flashy or fancy about the DM&E, a 965-mile-long Class 2 railroad. The five-year-old regional serves a flat, no-nonsense grain-growing region worked by people who believe that success is directly related to hard work.

Second in total mileage only to 2000-mile Wisconsin Central among the new regionals, Dakota, Minnesota & Eastern is anchored by a main stem from Rapid City, S.Dak., to Winona, Minn., on the Mississippi River, 647 miles. This is roughly the distance from

DM&E: the hardworking regional

There is nothing fancy about this 965-mile successful C&NW spinoff

JIM ZEIRKE



Hastings, Nebr., to Chicago on Burlington Northern's line that hosts Amtrak's *California Zephyr*. All of DM&E's property is ex-Chicago & North Western.

Ruling grades mark each end of this main stem, characterized by one DM&E official as "a helluva railroad to get started on." The west end is governed by Wall Hill, 10 miles of 1.5 percent grade east of Rapid City that ends at the hamlet of Wall, S.Dak. Wall itself, famous to motorists on U.S. 14 and Interstate 90 for a drugstore tourist

stop, is named for a nearby prominent geographical formation in the Badlands. On the railroad's east end is Lewiston Hill, a 5-mile, 1.7 percent grade west of Minnesota City, in the Mississippi Valley near Winona, up to Lewiston, 20 miles out. Of the two grades, Wall Hill poses the greater problem for DM&E because eastbound traffic generally is loads; except for occasional coal loads for Rochester, Minn., westbound traffic up Lewiston Hill is almost entirely empties. Other signifi-

cant grades are eastbound from Mankato, Minn. (0.99 percent), and at De Smet (1.2) and Highmore (1.0), S.Dak.

DM&E does not use helper engines. Helpers would require stationing people at each location just for each train, and would also be inefficient use of locomotives, which are in short supply during harvest season when the trains are heaviest.

Rather, DM&E restricts tonnage and number of cars. "If we have to run extras, we will do so to take up the ad-



TRAINS: J. David Ingles.

LEASED Soo GP20 leads eastbound DM&E freight uphill out of Rapid City on June 25, 1988.



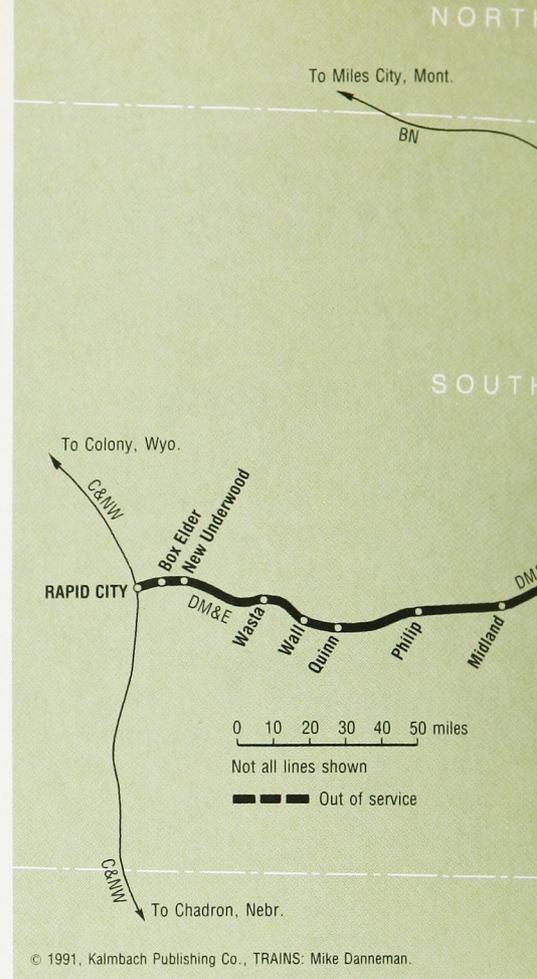
TRAINS: J. David Ingles.

TWO South Shore GP38's are among units on westbound descending toward Blunt in 1988.



Michael E. Crowe.

FOR a long time, SD10 549, ready at Waseca in March 1988, was the only unit repainted.



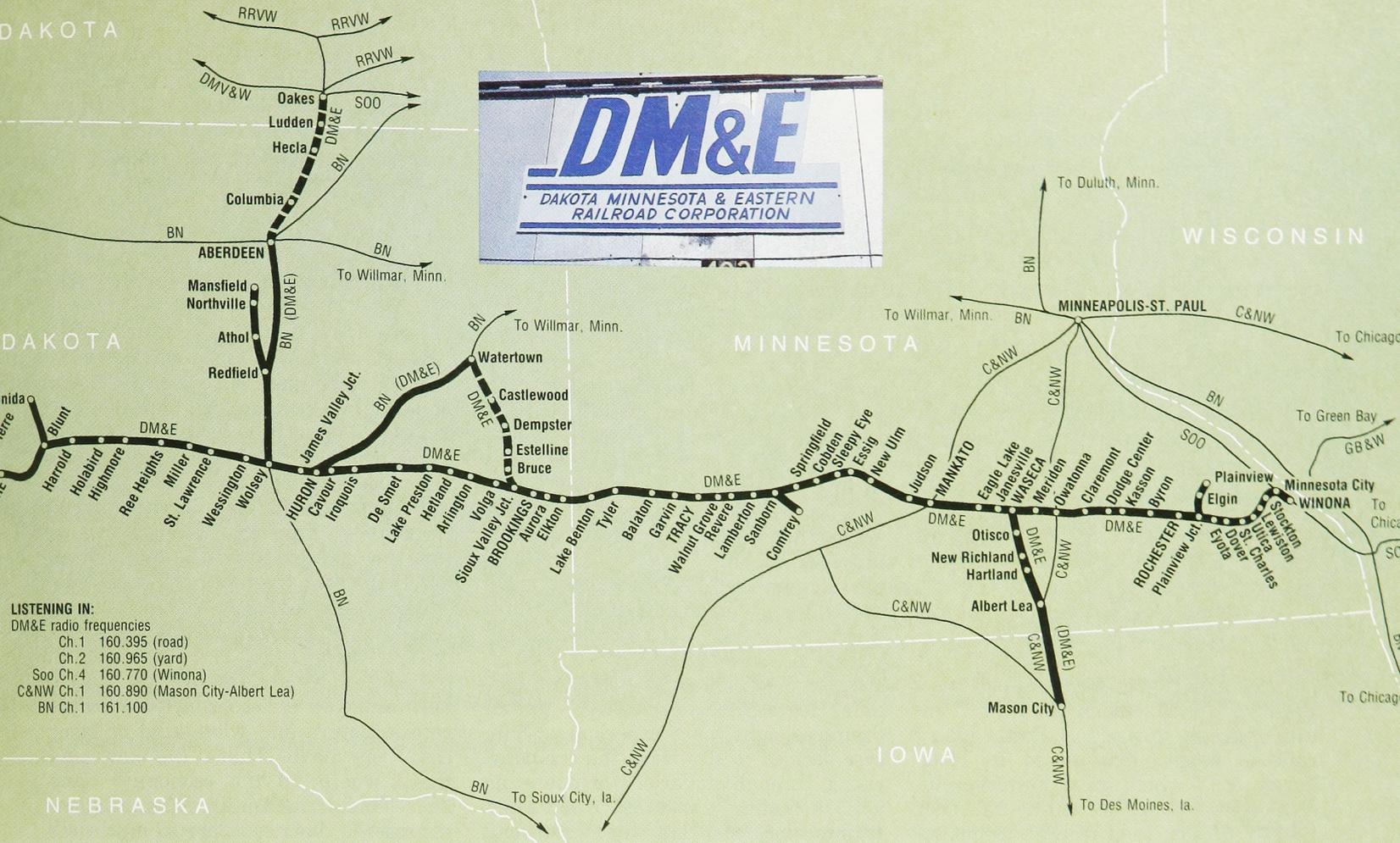
© 1991, Kalmbach Publishing Co., TRAINS: Mike Danneman.

ditional tonnage,” says Bob Irwin, DM&E vice president of transportation. “We feel with our railroad, especially at the western end, with a two-man train crew, it is much easier to handle a 60- to 65-car train than it is to handle an 85- to 90-car train. So, we limit ourselves to 60 cars coming out of Rapid City. That is about what we get on a daily basis. If we have more than 60 cars, we will pull it out of Rapid City and leave it at Box Elder and pick it up the next day.” The tonnage restriction is 1000 tons per SD9 and SD10 on both the ruling grades.

Long stem, five branches

In addition to the Rapid City-Winona stem, DM&E has five branches. From Plainview Junction, which is 38 miles west of Winona, the Plainview Subdivision extends 15 miles north to Plainview.

DM&E’s Hartland Subdivision encompasses the 69 miles from Waseca, Minn., south to Mason City, Iowa. DM&E owns the line from Waseca to Milepost 107, just south of Hartland, Minn., about 20 miles. From there through Albert Lea, Minn., to Mason City, DM&E operates on C&NW by trackage rights. The Waseca-Albert Lea segment is the former Minneapolis & St. Louis main line, one of the few stretches of the old M&StL, merged by C&NW in 1960, still in use. South of Albert Lea, operation is on C&NW’s



LISTENING IN:
 DM&E radio frequencies

Ch. 1	160.395	(road)
Ch. 2	160.965	(yard)
Soo Ch. 4	160.770	(Winona)
C&NW Ch. 1	160.890	(Mason City-Albert Lea)
BN Ch. 1	161.100	

“Spine Line,” the former Twin Cities-Des Moines route of the Rock Island. The Hartland Subdivision facilitates interchange with C&NW at Mason City. There is no physical connection between the two routes at Owatonna, and geography there prevents building one economically.

DM&E’s Comfrey Subdivision is a 13-mile branch from Sanborn, Minn., southeast to Comfrey. It is the northerly remnant of a C&NW line that came up from Burt, Iowa. The principal customer on the Comfrey Sub is a facility of world grain giant Cargill which loads 25-car grain-train units.

The 47-mile Watertown Subdivision between Sioux Valley Junction, S.Dak., just outside Brookings, and its namesake is another old North Western branch. Watertown at one time was served by Great Northern, C&NW, M&StL, and Rock Island, a total of nine lines. All that remain are DM&E and BN’s line from Benson, Minn., to Huron, S.Dak. DM&E’s major Watertown customer is South Dakota Cement Co.

DM&E’s major north-south line is the Oakes Subdivision, a 128-mile route from Wolsey, S.Dak., 13 miles west of Huron, to Oakes, a dozen miles beyond the state line in North Dakota. The track from Wolsey to Aberdeen, 74 miles, is owned by the state through the South Dakota Railroad Authority (SDRRA). At Aberdeen, DM&E operates for a short way on what was once

Milwaukee Road’s east-west main line to the Pacific Northwest. These state-owned lines are all ex-Milwaukee Road, acquired by South Dakota when MILW cut back in the early 1980’s; operation is contracted to Burlington Northern, which has an option to purchase them.

At Redfield, S.Dak., 33 miles north of Wolsey, parallel North Western and Milwaukee Road lines bound for Aberdeen crossed. DM&E owns and operates the former C&NW line from Redfield north to Mansfield, 29 miles, termed the Mansfield Subdivision. At Redfield, the South Dakota Wheat Growers terminal is a frequent shipper of 50-car grain trains on DM&E. Like many SDWG outlets, it has its own EMD SW1 switcher. Up the Mansfield Sub are grain terminals at Athol and Northville, capable of loading 10 and 16 cars at a time, respectively, plus the Mansfield Grain Exchange, which loads 25-car trains.

Although DM&E’s map still includes the line to Oakes, DM&E is in reality only a three-state railroad, for the Oakes line is embargoed north of Aberdeen. Oakes was once an important interchange point between C&NW and BN predecessor Northern Pacific, and also boasts a Soo Line branch. Now, in addition to the dormant DM&E branch, Oakes is served by Soo and two new regionals. The BN line there is part of 1986 spinoff Red River Valley & Western [“The Most Mellifluous

Name in Railroading,” February 1990 TRAINS]; and Soo recently sold the line west of Oakes to the new Dakota, Minnesota Valley & Western.

DM&E and North and South Dakota are working on an agreement to sell the northerly 18 miles of the Oakes branch to RRV&W, which would preserve service to Hecla, S.Dak. The line from Hecla to Aberdeen would then be pulled up. In Aberdeen proper, there is approval for a new regional rail authority which will help DM&E fund the repair of tracks within the city, remnants of both C&NW proper and M&StL.

The final DM&E branch, the 17-mile Onida Subdivision, diverges from the main line 76 miles west of Wolsey at Blunt. This is the westerly remnant of a C&NW grain line that paralleled what is now the DM&E about 35 miles to the north, diverging at Tracy, Minn., and running through Watertown and Redfield to Gettysburg, then turning south to Onida and Blunt. On the Onida Sub are Harvest States Elevator and the Oahe Grain Corporation, each capable of loading 50-car trains.

A North Western product

Although DM&E physically connects, for now, with five other railroads (C&NW, BN, RRV&W, Soo Line, and DMV&W), its most meaningful interchanges are with the C&NW at Rapid City, Mankato, Mason City, and Winona. This is no surprise, since DM&E

came into existence as a result of C&NW's rationalization of its property. In late 1985, the North Western was trying to abandon the westerly 150 miles or so of what is now the DM&E, roughly from the capital city of Pierre (pronounced PEER) to Rapid City (the "PRC line"). Since the Milwaukee Road line to Rapid City was already inactive, the state fought and blocked North Western's abandonment attempt, which would have deprived South Dakota of an east-west rail line. The state and C&NW agreed that the railroad would not have to operate the line at a loss. This meant selling it.

It became obvious that the PRC segment alone was not sufficient to attract buyers. The line to be offered for sale was then extended east to Huron, then to Mankato, and finally all the way to Winona.

In November 1985, about the same time South Dakota and C&NW were agreeing on operating or selling the line, C&NW made an agreement with Railroad Management Services Venture Team—a unit of L.B. Foster Inc., a railroad supply firm based in Pittsburgh, Pa.—which gave Foster exclusive rights to negotiate line sales for C&NW. Foster then worked to put together a property that offered enough commercial and financial incentives to offset debt incurred in the purchase—in plain terms, a railroad that could pay off the investors.

The Foster people liked what they saw in the property that was to become the DM&E and decided to pursue it themselves. With the help of TXL Corporation, Foster organized the sale and negotiated the financial agreement in return for a small ownership share in DM&E. Other owners are TXL, Lom-

bard Investments, and DM&E management people. The purchase agreement was announced April 24, 1986.

The following month, the investment group hired John C. "Pete" McIntyre, 55, as president of the new railroad. McIntyre's railroad career spans 35 years, most of them with North Western, with shorter stints on Great Northern and two terminal roads in the Duluth-Superior area.

McIntyre has the quiet demeanor of a college professor and speaks in measured tones, making certain each word or phrase carries the precise meaning he intends. Though he might not fit the stereotype of a railroad man, if anyone could say railroading is his life, it would be McIntyre. "My father, grandfather, and all my uncles worked for the railroad."

McIntyre's C&NW career began in 1957. "I started out as a clerk in Superior at the Itasca Yard. I spent eight years there. I worked my way through college and got my bachelor's and master's degrees." After college, rather than lose eight years' experience, McIntyre decided to stay with the company, rising through a variety of operating jobs, including assistant trainmaster, trainmaster, assistant superintendent, and superintendent. He also has held the title of division manager in transportation and eventually held vice presidencies in various areas. Before he was hired onto DM&E, he was assistant vice president in charge of the Comuter Division in Chicago.

Why would a man with 29 years' experience and a secure, upper-management position with a Class 1 want to leave it all behind for the insecurity of an entrepreneurial adventure in regional railroading? For McIntyre, the

answers were forthright and simple: "... I had always thought it would be intriguing to try to develop and run a company with my own philosophy of management, rather than trying to implement someone else's. Another reason was that I like this area. I had been out here, in South Dakota and Nebraska, during my career with the North Western and always thought that I'd like to return."

He knew that developing and running his own company would be risky. "By generally accepted Class 1 density statistics, this was a light-density line. It was a loser for North Western. A good portion of what is now the DM&E lost money. That was because of high labor costs and trying to support the corporate structure in Chicago." Knowing that, and based on the research he had done before accepting the job, McIntyre knew what it would take to make the DM&E a success. "One of the critical factors that goes into the success or failure of a regional railroad is how well you can contain your corporate structure and what kind of labor costs you have. That's the key, and that's where all the economics come from. One of the main reasons regionals exist is their costs are so much less ... than Class 1 railroads."

After being hired, McIntyre set to forming his own management team. However, to avoid any possible conflicts of interest, he could not be involved in the asset purchase negotiations. Because of his long association with the C&NW, "their management felt it would give the buyer an inside edge."

The DM&E management team McIntyre assembled, however, not surprisingly included people with experience on the C&NW. "I think it is more than



Steve Glischinski.



NORTH of Mankato, DM&E runs briefly on C&NW's Twin Cities-Omaha line. In January 1991, DM&E westbound cleared C&NW (left), . . .



Michael E. Crowe.

FORMER Milwaukee units leased from Soo take daily Mason City turn toward Albert Lea in May 1987. The SDL39's soon were sold to WC.

coincidence," says McIntyre. "I spent the major part of my adult life on the North Western, and when it came time for me to pick a management team, I drew on my experience with the North Western. . . . I can't speak for other railroads, but I do know it was the North Western's philosophy of management that they 'crossbred' between departments and tried to give their management people as broad a base as they could, which they felt would help them in running the company."

McIntyre hired Greg Robertson as vice president and chief financial officer;

he had 15 years of experience on Southern Pacific in the mechanical and accounting departments. Lynn Anderson, formerly general manager of grain marketing and pricing for C&NW, became DM&E's vice president traffic. Mike Arter, a South Dakota native who had been C&NW's assistant division manager engineering in Chicago, became DM&E's vice president and chief engineer.

Another South Dakota native, Paul Brod, joined DM&E as vice president finance. He had 19 years of experience with C&NW and most recently had

been manager-general accounting. Brod has since left DM&E. Robert Irwin, who had 22 years of operating experience with C&NW in Iowa, Illinois, and Minnesota, joined DM&E as vice president transportation. Gary Wilson, who was responsible for locomotive maintenance on North Western's Northern Division, came aboard as DM&E's general superintendent mechanical.

Highball

The deal that created Dakota, Minnesota & Eastern closed in Chicago on September 4, 1986. The purchase price



Steve Glischinski.



Michael E. Crowe.

. . . and an eastbound awaited C&NW's passage (center). DM&E GP9 switched at Plainview in May 1987 (right).

DIESELS OF THE DAKOTA, MINNESOTA & EASTERN

Road Nos.	Qty.	Built	Model	Engine	Fuel Capy.	Heritage	Remarks
544-560	16	1952-1954	SD10	16-645E-C	2400	MILW	Excludes 552, held for parts; remanufactured 1974-1976 by Milwaukee Road from its own SD7's and SD9's, series 500-536 (originally 2200-2237), individual histories below; 547, 558 have 16-567C engines
1463-1484	5	1959	GP9	16-567-C	1300	N&W	Nos. 1463, 1471, 1477, 1483, 1484 only; ex-N&W same, ex-N&W 2533, 2800, 2807, 2813-2814, originally Nickel Plate 533, 800, 807, 813-814; 1484 has 16-567D1 engine
6359-6387	9	1974	SD40-2	16-645E3	3200	MILW	Nos. 6359-6364, 6384, 6386, 6387 only; ex-Soo Line same, ex-Milwaukee 193, 196-198, 201, 203, 195, 199-200; leased from Helm Leasing
6601-6621	16	1952-1955	SD9	16-567C	2400	C&NW	Nos. 6601-6602, 6605-6606, 6609-6618, 6620-6621 only (6604 held for parts); ex-C&NW same, series rebuilt 1971-1972 from SD9's 1701-1710, 1721-1724, SD7's 1660-1664, and Minneapolis & St. Louis SD7's 300-301 (originally 852, 952)

Notes: All units built by Electro-Motive Division, GM; all units C-C type (six motors) except GP9's, B-B (four motors); SD10's, GP9's, and SD9's rated at 1750 h.p., SD40-2's at 3000 h.p.; SD10's have type 26NL air brakes (except 549, 559, with 26ABD), remainder of units have 26L; 16-645E-C engine is a 567C block with 645E power assemblies.

Rated tractive effort (based on 25% adhesion): SD10's, 74,250 lbs.; GP9's, 60,023; SD40-2's, 92,000 (6384-6387, 97,500); SD9's, variously 74,500 to 84,150. Curve radius allowed: SD10's and SD9's, 23 degrees; GP9's, 21 degrees; SD40-2's, 16 degrees.

Names have been applied to some units: 549 City of Watertown, 550 Larry Pressler, 551 City of Brookings, 552 City of Huron, 6359 Mount Rushmore, 6360 City of Mankato, 6361 City of Redfield, 6363 City of Rochester, 6364 City of Sleepy Eye, 6384 City of New Ulm, 6387 City of Winona, 6610 City of Waseca, 6612 City of Pierre, 6615 City of Rapid City.

SD10 pre-remanufacturing histories on Milwaukee Road: 544 (ex-523, originally 2223), 545 (221, 2221), 546 (504 1st, 2204), 547 (507 1st, 2207), 548 (503 1st, 2203), 549 (510 1st, 2210), 550 (517, 2217), 551 (534 1st, 2228), 553 (505 1st, 2205), 554 (535, 2229), 555 (511 1st, 2211), 556 (502 1st, 2202), 557 (536, 2230), 558 (500 1st, 2200) 560 (514 1st, 2214); in original series, 2200-2223 were SD7's, 2224-2237 SD9's.

Roster accurate as of May 1991; sources: DM&E; Milwaukee Road; EMD Product Reference Data; C&NW Historical Society.—J.D.I.

was \$26 million. It included 826 route-miles of track plus 139 miles of track-age rights, as well as 18 SD9 locomotives and various other equipment. The first DM&E train left from Huron, S.Dak., the new road's operating headquarters, within the first few minutes of September 5. Gary Wilson worked on putting that train together and remembers it well.

"We ordered our first train right at 12:01, just after we took over. We shot him east with 7000 tons and three big engines. He whistled right out of town," recalls Wilson. The train had been made up by C&NW and was ready to go. "Then the C&NW walked away; we had the power and tacked it on and sent it east."

It was a very low-key changeover—there were no opening ceremonies until October. "In fact," says McIntyre, "we heard comments as long as a month or two later, and in some respects we consider this a compliment, that some of our customers didn't know that ownership had even changed hands."

Wilson said that from an operation standpoint, it was a smooth changeover. "You would not know that we had taken over the railroad. There were people who the day before were working the shift for the C&NW and on the 5th they were working the same shift for us." A formal ribbon-cutting was held in October at Brookings, S.Dak., DM&E's corporate headquarters and home of South Dakota State University. It was attended by then-Governor William Janklo and prominent citizens of the town.

Even though the changeover was low-key, it was not trouble-free. Everything that is normally taken for granted in an established organization was suddenly gone and had to be recreated. Communication, both written and oral, was difficult. People had to learn, sometimes by trial and error, whom to call

for approvals, materials, and procedures. By September 8, things seemed to be "business as usual," but before the first week was over, the railroad faced a real test of its abilities—heavy rains struck South Dakota and washed out sections of the main line for two or three days.

A second test occurred when a major customer, Consolidated Paper, suffered a boiler explosion at a plant in Wisconsin Rapids, Wis. At the time, and to only a slightly lesser extent today, wood chips destined for Wisconsin's paper mills from South Dakota's Black Hills made up much of DM&E's overhead traffic, so there was a temporary fall-off in this revenue.

The first three years brought other challenges for the young railroad: drought, severe winter weather, half the locomotives bad-ordered. Overcoming these crises probably went a long way toward bringing DM&E together as a company. It also created the attitude on the railroad that problems can be overcome with hard work.

McIntyre says his employees are the reason that DM&E survived its initial trials. "The success of this company is not the result of Pete McIntyre, or even Pete McIntyre and the management team. It is the result of all of the employees in the whole group that have hung on. We went through a lot of trials and hardship. The bottom line is that me sitting here in this office didn't keep this railroad running. It was the people."

What's in DM&E's roundhouse

Because of the grades at each end of the railroad, it is not unusual to see five- or six-unit locomotive consists. For the most part, however, DM&E's railroad is relatively flat. This posed an interesting problem when it came time to choose motive power for the new road. New diesels were out of the question

because of cost. But at the time, the Class 1's were not buying new locomotives as they had been and therefore were not selling old units. DM&E had to shop in a tight motive-power market.

McIntyre and his people spent a lot of time studying their needs before they headed into the used-power marketplace. Chief among their considerations were the commodities they would be handling, the railroad's topographical profile, and its facilities. They also considered what North Western had been using. For years, Huron's roundhouse had been home shop to C&NW's fleet of Alcos, both four-motor and six-motor ["No Call So Strong as That of a 244," pages 42-49, August 1981 TRAINS]. Although six-motor EMD SD9's were assigned to the Pierre-Rapid City segment of what would become DM&E, the Alcos and a few EMD's—mostly SD9's and GP30's—prowled from Huron to Winona on what railfans called "the Alco line" or "the Huron line." Light rail and frail bridges kept the branch lines the province of six-motor RSD4's and RSD5's. In 1981, C&NW acquired 120 Geeps from the defunct Rock Island, retired its Alco RSD4's and RSD5's, and reassigned the four-motor Huron Alcos to Green Bay, Wis., where they joined the Ore Division's big C628's. Geeps and SD9's took over the future DM&E.

Because of the ruling grades, it was apparent DM&E would have to continue to use six-motor units for the mainline freights. Geeps could be used for the branch lines and for switching, but the marketplace and DM&E's pocketbook would be the deciding factors in the dollar-per-horsepower formula. Even money, it seems, has to work as hard as possible on DM&E.

DM&E ended up buying 18 SD9's from C&NW. They kept their 6600-series C&NW numbers (all had been rebuilt and renumbered in 1971-1972).

Seventeen of them would be used for DM&E road service; the 6619 was acquired for parts. ("Did I make a mistake there," says Wilson. "I should have chucked a generator in that SOB and turned her loose because she had a good engine in her. If I had to do it all over again, that's what I would do.") These units dated from the early 1950's; two, 6620 and 6621, were former Minneapolis & St. Louis SD7's.

The new regional also bought 18 similar SD10's from Soo Line. They were former Milwaukee Road SD7's and SD9's, rebuilt in the road's shops between 1974 and 1976 and given the new model designation. Soo Line did not renumber the units upon its acquisition of Milwaukee Road in 1985. All of DM&E's SD9's and SD10's have chopped noses (the short, front hoods) and are rated at 1750 h.p. The SD10's have a tractive effort of 74,250 lbs., but since the SD9's vary in weight from 298,000 to 336,600 lbs., their tractive effort ratings—based on 25 percent adhesion—range from 74,500 to 84,150 lbs.

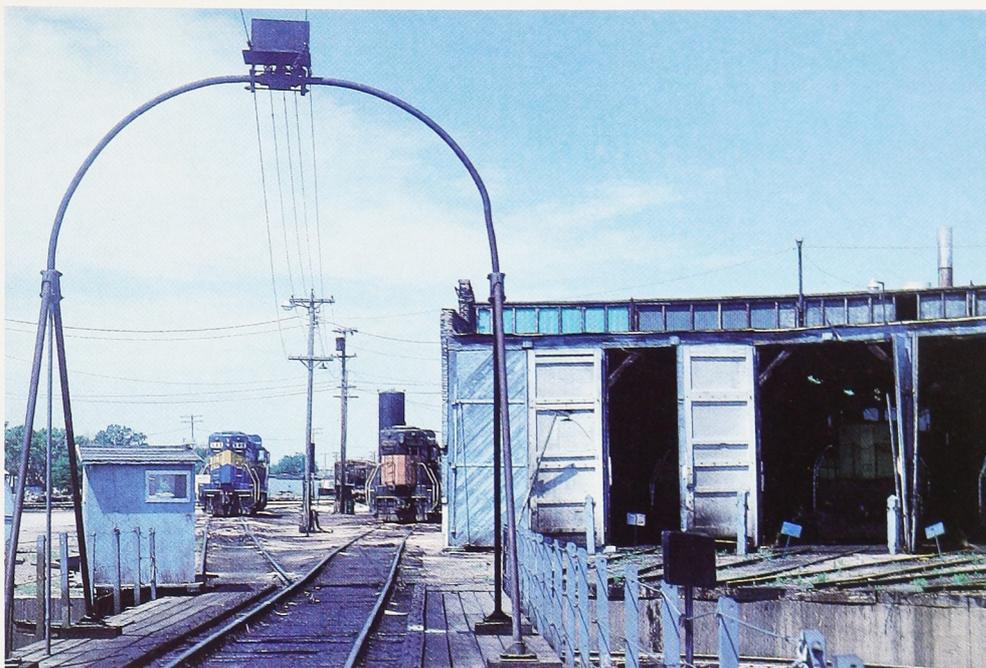
For switching and branchline service, DM&E purchased five Norfolk & Western GP9's from a broker. They are former Nickel Plate Road units, built in 1959 and set up to operate short-hood forward in NKP tradition.

During peak periods, such as the summer and fall wheat, corn, and soybean harvest seasons, the DM&E must lease locomotives, sometimes as many as 18 units. They have come from C&NW on a day-to-day, as-needed basis, and from leasers such as Helm and Oxford Group, which usually provide SD40-2's or SD45's. DM&E also has borrowed GP7's and SDL39's from Soo Line (before the latter went to Wisconsin Central); GP9's from Grand Trunk Western and South Dakota neighbor D&I Railroad; and even three GP38-2's from Chicago South Shore & South Bend in 1988. In 1991, the lone SD40 owned by Atlanta & St. Andrews Bay, now in the Helm fleet, was on DM&E.

DM&E took a major step toward motive-power stability in 1991 by leasing nine ex-Milwaukee SD40-2's for 15 years from Helm. They are being painted in DM&E's blue and yellow, and retain the 6300-series road numbers assigned by Soo Line upon merger of the Milwaukee Road.

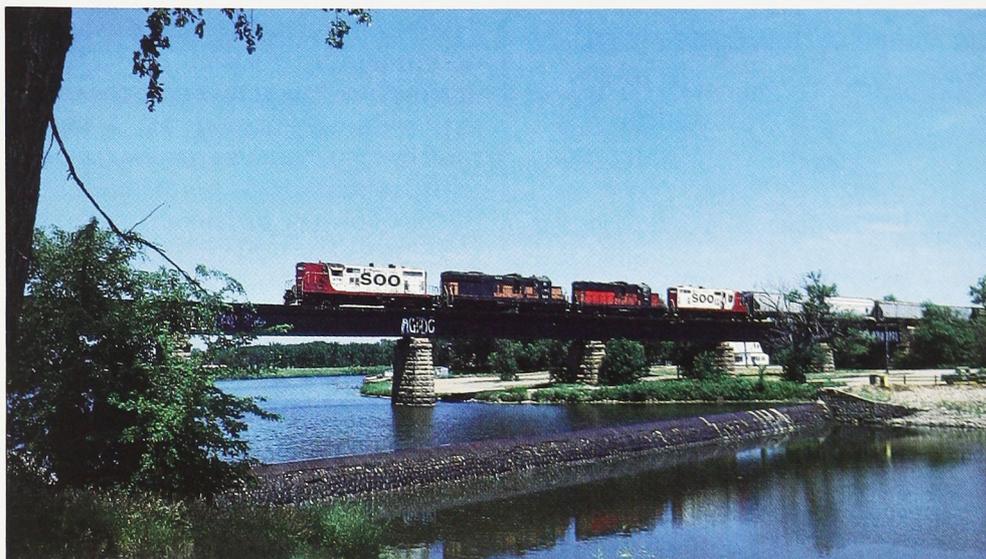
It is Wilson's job as DM&E's top mechanical officer to preside over a fleet of diesels, which, to be charitable, is past its prime. Yet he does his job with a mixture of good humor, realism, and paternal pride. No "stuffed suit" here, Wilson works in a small office near the main shop floor in the Huron roundhouse, which was built around the turn of the century.

"The locomotives we purchased had been pretty much let to go because

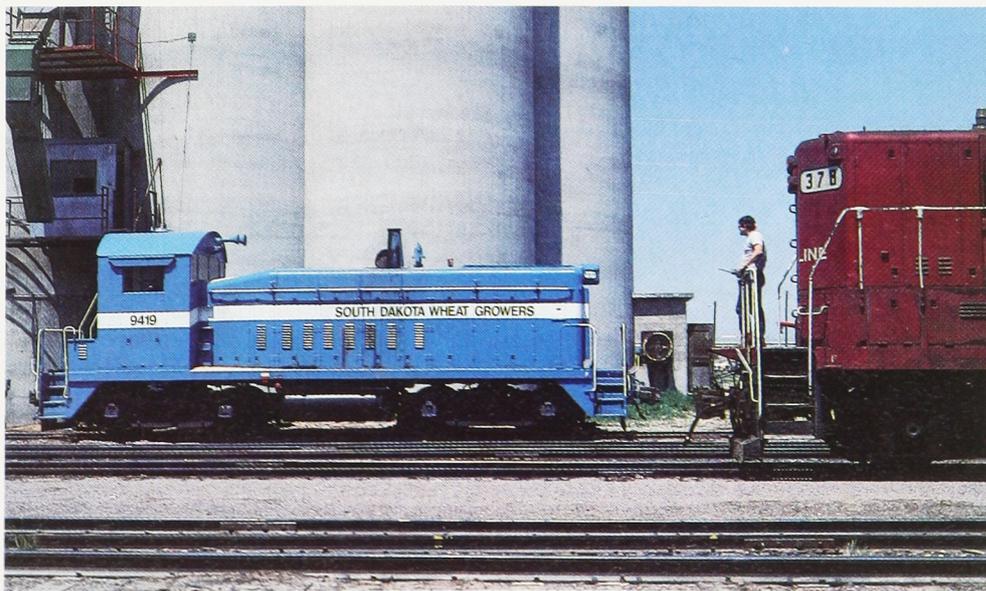


Three photos this page, TRAINS: J. David Ingles.

WHERE Gary Wilson's guys perform mechanical miracles: the ex-C&NW Huron roundhouse.



"DOG-CATCH" crew brings westbound with Soo Line units across James River into Huron.



CREWMAN watches as lead GP7 passes elevator's ex-B&O SW900 entering Huron Yard.



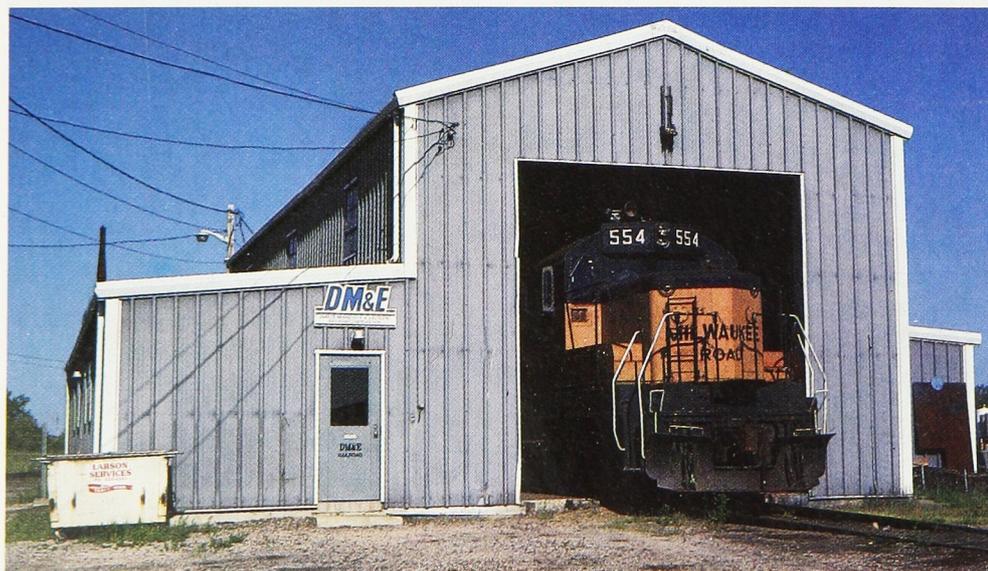
Thomas E. Hoffmann.

ON August 20, 1987, eastbound crossed Zumbro River's South Fork at Rochester, Minn. DM&E, which has no emblem, just uses its initials.



Steve Friezen.

PLOW extra behind 544, 547, D&I 19 leaves Brookings ahead of train shown on pages 68-69.



Thomas E. Hoffmann.

ONLY DM&E indoor diesel facility besides Huron roundhouse is one-stall shed at Tracy.

there had been plans that they would be traded in on other power. The Milwaukee units [SD10's] had been stored [by the Soo Line after acquisition] and they really had no plans for them in their overall scheme of things [although Soo subsequently kept three]. So they were pretty much left to sit. Of course, the Milwaukee Road was going 'toes up' when they were being run over on their property. So, they were runtable, but they needed some work.

"The C&NW pretty much had the same outlook [on the SD9's]. The units were 30-some-odd years old and they had done their duty. Either we were going to get them or they would be cut up or sold off to somebody else. Then the GP9's we bought had been stored for a considerable length of time. They didn't have any records on them. We had to start them up and feel our way through to get them going. We're still feeling our way through with them. Considering what we paid for them, it was pretty much scrap value." DM&E paid roughly \$30,000 each for its units.

The early days at DM&E's Huron shop were long and busy. Wilson: "It took a lot of work. We didn't go after this thing from the standpoint that we would stand around and see how it fell together. We went out and pushed the issue and made it fall together. That made everybody's job tougher."

Pushing that issue meant doing a lot of preventive maintenance work on the locomotives before putting them under the strain of daily service. "They were in a condition to be pretty much

cut up. The wheels needed work. We had to rebuild the trucks. We had to virtually rebuild the entire engine to get it so that it was reliable.”

Not only were the locomotives in need of work, but the shop where they were being worked on needed attention as well. “We had taken over a shop that was basically devoid of materials and essential tools. We had to acquire that stuff and run trains at the same time. We were pretty busy cats then. We’re still pretty busy cats, but we were a whole lot busier then than we are now.” In spite of it all, Wilson and his staff of “busy cats” were able to put together a fleet of diesels that meet DM&E’s needs with an availability rate of 85 to 90 percent.

Dedication and innovation

Meeting DM&E’s needs, however, takes on a different meaning during the harvest season in South Dakota. The latter part of summer is the focus of virtually all of the DM&E’s year-round fleet maintenance program. “You’ve got to have your fleet in the position and/or condition to run through that period of time,” Wilson emphasizes. “The power requirements escalate so dramatically once the harvest starts that we’re not going to go in and start tearing units apart just to do it.

“In reality, during the harvest, what you try to do is have everything available for the transportation department to do whatever they want with it. We do most of our heavier work based on a six- to eight-week period of time when all hell breaks loose. You aren’t going to tie up locomotives at that time because it just snowballs. Once you start tying them up, then we start reducing the amount of horsepower per ton. When you start doing that, then it is the snowball coming down the mountain. By the time it gets to the bottom of the mountain, it’s a real mess.”

Because of harvest season needs, Wilson spends much of the spring shopping what he calls “the flesh-peddlers,” his term for locomotive leasing companies, looking for power that he might need during the harvest. To take care of the fleet, Wilson has a \$1.4 million capital budget. During the first half of 1990, Wilson spent about \$172,000 on radiators alone.

Wilson’s biggest maintenance problem? “We eat generators and traction motors like candy. We’ve changed out a fairly sizable chunk of generators, like seven or eight of those. We’ve started a program where we’re putting rebuilt traction motors in. We’re looking at 24 a year as long as we don’t get adverse track conditions like heavy snow. If we run into a heavy winter, we’ll eat motors like there’s no tomorrow. You start blasting through snow banks and it

won’t take long until you will screw them up.”

The aggressive preventive maintenance program on the DM&E has paid off. Wilson says that only two of the locomotives on DM&E property are out of service and being kept for parts. “The 552 froze up in Rapid City in late 1987, and the 6604 chucked a rod in October 1986 right after we started up.”

In the same way that a hunter might admire a mongrel that turns out to be a first-rate bird dog, Wilson appears to have a genuine affection for his locomotives. It’s an affection noticeable when Wilson spots a few small dents on the recently painted panel outside the side window of the cab. “Look at that. Some damn engineer tapped his pipe out on the side of the cab.”

Through early 1991 only seven of DM&E’s older locomotives had been painted in the company’s official colors, South Dakota State University Blue and Minnesota Golden Gopher Gold. For a long time, SD10 549—done for DM&E’s dedication ceremonies—was the only one. More recently others have been done, and DM&E has also decided that as each unit is painted, it will be given a name. Six of the seven are named for cities on DM&E, and No. 550 is named for South Dakota U.S. Senator Larry Pressler, honored for his valuable assistance in the formation of DM&E when he was a state senator. The recently acquired SD40-2’s are also being repainted and given names, the most recent *Mount Rushmore* for 6359 [page 10, October 1991 TRAINS]. The painting is done at Soo Line’s Shoreham shop in Minneapolis, whose forces also do mechanical work for DM&E.

Wilson is aware of the difference between managing equipment for a regional railroad and doing the same for a Class 1. “At C&NW or Conrail, if we noticed a mistake in how we fixed something, we might say, ‘Oh well, we’ll do it differently next time.’ Here, the margins are tighter. We can’t afford extended downtime for our motive power. Heck, a bad decision in the shops could bankrupt the company.”

Another difference, says Wilson, is the need to be innovative. “South Dakota is not a warehouse for EMD parts. Sometimes, we have even gone outside of the railroad industry to find parts. A case in point: When we wanted extra fuel capacity for our SD9’s, we had a local welder fabricate some tanks. He charged considerably less than what EMD wanted for new ones.”

Even given the age of his fleet and the maintenance costs and investment of time, Wilson is not so sure that he would like to operate with modern, high-horsepower units. “From a locomotive standpoint, I think one of the problems we have in this country is loco-

otive manufacturers are really getting into the high-tech end of it. I think that is fine for operating the Union Pacific or the Norfolk Southern. But when you take these little ‘mom and pop’ six-to-ten-locomotive railroads, some of the stuff they are building now will not function the way it was designed on those smaller railroads. There’s a big difference between running 70 mph with a manifest train and running 10 to 25 mph with grain. Most of these new high-horsepower monsters derate themselves at a low speed. They are built to go fast. We need something that is built to lug and then float along at a reduced speed.”

Wilson says that one problem with the new generation of high-tech locomotives with their microprocessors and microchips is that the mechanic may not understand why the part he has replaced has solved the problem. “It would be nice to have something where you take a guy who’s got a little bit of mechanical background, and you can bring him in and with some limited training, have him understand what the principle is behind the way this thing operates. You do have that with the SD9 and GP9 type fleet.”

Selling the service

Like most of the new regional railroads, DM&E has seen a surge in carloadings. It exceeded 50,000 carloads for 1990, up from 30,000 to 35,000 at the time of takeover. Much of that increase is the result of what Pete McIntyre calls “growing the business we already have.” Several recent examples of such growth are the beginning of unit grain trains to the Pacific Northwest, along with a rail-to-barge transloading operation in Winona, and all-rail movements of wheat to Gulf ports in Texas.

The Pacific Northwest unit trains of corn were begun in February 1987 in cooperation with Burlington Northern; DM&E gives the grain to BN at Wolsey. The deal allows farmers in southwestern Minnesota and eastern South Dakota to ship their corn at competitive rates. It generated more than 40 West Coast grain trains in its first year and is responsible for 2000 to 3000 cars annually to the Pacific Northwest. “That had never been done before out here,” says McIntyre. “That I think was the result of wanting to do what the customer needed and wanted.”

DM&E’s rail-to-river grain marketing program has been a huge success and earned the regional the Class B Marketing Achievement Award in the 1988 “Golden Freight Car” competition of the trade magazine *Modern Railroads*. The operation involves direct transloading to Mississippi River barges from the C&NW yard at Winona. It has drawn corn, soybeans, and

FIRST of DM&E's ex-Milwaukee SD40-2's to be repainted highballs through fresh snow into Lewiston, Minn., January 7, 1991. The nine 3000 h.p. C-C's are leased long-term from Helm. Like all of DM&E's repainted diesels, 6384 has been given a name—*City of New Ulm*.

wheat from as far west as South Dakota. The program's volume topped 6000 cars in 1990, up from 750 cars in 1987. The all-rail movement of grain to Texas Gulf ports was started in 1987 after having been unavailable in the DM&E's area for about five years.

Unquestionably, DM&E is an agricultural railroad, but not to the extent that one might think. Its 1990 traffic mix showed the diversity of its customers: farm products (corn, wheat, soybeans), 44 percent; clay and cement, 15; minerals (stone, sand, bentonite, kaolin clay), 14; food and kindred products (grain products, canned food), 11; wood products (chips and lumber), 9; chemicals (fertilizers, plastics), 3; and miscellaneous (paper products, iron, steel, coal), 4 percent.

Because concentrating solely on agriculture can be risky, the DM&E has worked hard at developing other sources of revenue shipments, both as originating and overhead traffic. One result was the agreement reached in September 1989 with C&NW which permitted DM&E to serve as an intermediate carrier of bentonite clay and other traffic originating on North Western at Colony, Wyo., west end of the line out of Rapid City. The bentonite clay is handled through to connections with C&NW at Mankato, Winona, and Mason City. Bentonite clay is used in oil drilling, manufacturing of cosmetics such as toothpaste and lipstick, making taconite from iron ore, and making paper. In effect, this put traffic where it used to be and saved C&NW the long haul over its slow-speed "Cowboy line" across northern Nebraska. Result: faster service.

Getting traffic "off the trucks" and onto the trains is the goal of many railroads and is true with DM&E. McIntyre, with some qualification, feels his company has been successful at doing so. "But given the territory we operate in, we try to increase what's already here. We don't have an industrial development department. So, as far as locating new industries on our property, although we are willing to speak to anybody about that, we don't go out and actively pursue them as a special function. What we have done as an indication of trying to grow the business, for example . . . is added seven unit-grain-train shippers to the property that weren't here before." DM&E also encourages its train crews to search for opportunities for serving customers or adding shippers, much like train crews do on Wisconsin Central [September and October 1990 TRAINS]. However it hasn't yet grown on DM&E to the in-

tensity found on WC. "We ask our employees to be continuously on the lookout for additional business," says McIntyre. "We ask them to advise us when they see something that may be an opportunity we are not taking care of. But as far as assigning specific train crews to go out and look for business, we haven't gotten that far yet."

As a result of the DM&E's marketing programs, record months have ensued. July and August 1990 were record-setters, July seeing the railroad handle 6371 carloads and August 5751. Both bettered the previous mark of 5118 in October 1989. Helped by the excellent harvest in 1990, DM&E moved 89 grain trains in August and 87 in July, versus the previous best of 64 in July 1987. Although wheat shipments were down in 1991, July 1991 saw the third-best total of trains originated (84) and a new revenue record, of \$4.7 million. For the first seven months of 1991, DM&E reported an average revenue per car up \$70, or 11 percent, over the same period in 1990. Because DM&E is privately held, precise sales and revenue figures are not divulged. However, the company does report that annual revenues are in excess of \$30 million.

Getting over the road

Track improvements in 1991 have virtually eliminated all slow orders, making DM&E a 20- to 25-mph railroad between Pierre and Mankato, says Mike Arter, VP and chief engineer. A complete trip across the main stem, which at one time had been reduced to 64 hours, was back up to 72 hours because of the trackwork in progress but is expected to be speeded up once more.

DM&E's two-man train crews are based officially in Huron and Waseca, but they also operate out of Rapid City, Pierre, and New Ulm. Turning points are Phillip and Tracy. This is much like C&NW operated a decade ago. Depending on traffic to be moved, a crew will either take its rest upon reaching its outer point and then return a train "home," or be taken back by taxi if no traffic is ready. There are often six or more road trains on DM&E's main stem at one time.

In mid-1991, loaded trains were leaving Rapid City, usually during the night, Monday through Friday, with their maximum 60 cars. If an extra was needed, it was following a few hours later; frequency was averaging four per week. Train dispatching is done out of DM&E's Brookings office.

Road pool crews handle three lines off the main stem with road power.



Those out of Pierre handle the Onida branch, as needed, usually twice a week, and those out of Waseca or Tracy the Comfrey line when grain is ready to move. Service from Waseca to Mason City is daily, the crew making the 136-mile round trip in 8½ hours or so.

Trains run out of Huron up to Aberdeen, including the Mansfield Sub, twice a week, and to Watertown with the same frequency. The Watertown train now runs out of Huron on BN's branch, because DM&E's own line out of Sioux Valley Junction, near Brookings, is out of service owing to poor track condition. DM&E is negotiating purchase of the westerly 10 miles of BN's branch, from Huron out to Yale, and would operate from Yale to Watertown on permanent BN trackage rights instead of the current detour rights.

DM&E's two mainline wayfreights, out of Rochester and New Ulm, generally rate a GP9 and go to work at 8 a.m., Monday through Friday. The New Ulm job concentrates on working Del Monte at Sleepy Eye and Kraft at New Ulm. The Rochester wayfreight takes care of the Plainview branch as needed, usually once a week, mainly to serve



William Spitzer

Plainview Packing, a canning company which packages anything from corn to meat. The wayfreight also patrols the east end of the main line between Meriden, just west of Owatonna, and Minnesota City. From Minnesota City into Winona, DM&E has trackage rights on Soo Line's main line to CK junction, thence into C&NW's Winona yard.

DM&E calls yard crews at two locations, Huron and Waseca, seven days a week (C&NW handles yard work at Rapid City, Mason City, and Winona). The Huron job spends a lot of time switching South Dakota Wheat Growers and Piggly Wiggly grocers; the Waseca job works Browns Printing and elevators on the Hartland Sub.

Improvements and the future

In 1990, DM&E completed a \$27.5 million track improvement program designed to upgrade the entire line. "Essentially we wanted to take our railroad and moving it from Class 1 track to Class 2 track," says McIntyre. The Class 2 rating gives a maximum permissible speed of 25 mph versus 10 mph for Class 1. The program, which included installing more than 400,000

new cross-ties along 500 miles of track, applying more than 5000 carloads of crushed rock ballast, and renewing about 500 highway grade crossings. Included was extensive renovation of 503 miles of the main stem. Because of the way the financing was arranged, the program was divided into two parts, one for each state. The rehabilitation work was done by contractors, who were assisted by DM&E track maintenance crews.

In its first five years, through September 5, 1991, DM&E moved 223,123 carloads of freight, rehabilitated 551 miles of track at a cost of \$30 million, and increased employment from 130 to 230. Planned trackwork in Minnesota for three years will complete the upgrading of the entire 647-mile main stem and the Mason City line. Carloadings increased 30 percent from 1989 to 1990, and during 1990 DM&E added 15 new customers and got 10 former ones back to the railroad. July 1991 was not only a record revenue month but was the best wheat month in DM&E's history; DM&E serves 71 elevators.

The key to DM&E's success is persistence. It means getting every last

ounce of work out of 35-year-old locomotives, and doing it every day in weather ranging from dusty heat to Great Plains blizzards. It means finding more and more business on a line that less than 10 years ago was going to be abandoned. And it means packing track improvement programs into a short summer, which is the railroad's busiest season. These are the obstacles that DM&E seems to face with a "business as usual" attitude.

Pete McIntyre takes time out to reflect on this ethic of hard work: "I would characterize (DM&E) as being a survivor that has had its mettle tested by adversity and is now on the brink of being a success. It has not lost its original vision and, with just a little bit more effort and time, will be cresting the hill." 1

JIM ZEIRKE, 37, a native of Hartland, Wis., and a graduate of the University of Wisconsin-Oshkosh, lives with his wife and daughter in Sussex, Wis., within air-horn distance of C&NW and WC. A fire fighter for the City of Waukesha, Wis., he is also a freelance railroad writer. This is his first TRAINS byline.

The Chicago, Missouri & Western story-1

The road of misfortune

Was CM&W one railroad too many, or too few?

MICHAEL W. BLASZAK

I PUMPING new capital into old railroad lines through the formation of regional carriers represents an enormous risk. The new lines face competition from other railroads as well as hungry truckers, and the property may not be in top physical condition.

Imagine the risk, then, when the object of the rescue effort hasn't enjoyed sustained financial health for almost a century. Such was the case for surviving portions of the Chicago & Alton Railroad, which link Chicago, St. Louis, and Kansas City. These strategic but financially weak lines have been the focus of not one, but two, rescue attempts in the past six years. The story of these efforts, in particular the saga of ill-fated regional Chicago, Missouri & Western, illustrates how the ambitions of current railroad promoters, no matter how well-founded, can be crushed by economic reality.

How the Alton Route came to be

The C&A, which touted itself as "the only way," was prosperous in railroading's early years. C&A's earliest ancestor was the Alton & Sangamon Railroad, chartered by Illinois in 1847. A&S built from the Mississippi River port of Alton northeast through Springfield and Bloomington, reaching Joliet by 1854. It became the Chicago & Alton in 1861; Chicago was reached in 1864. Timothy B. Blackstone, president of predecessor Joliet & Chicago, became C&A president. C&A expanded during his tenure, which lasted until 1899.

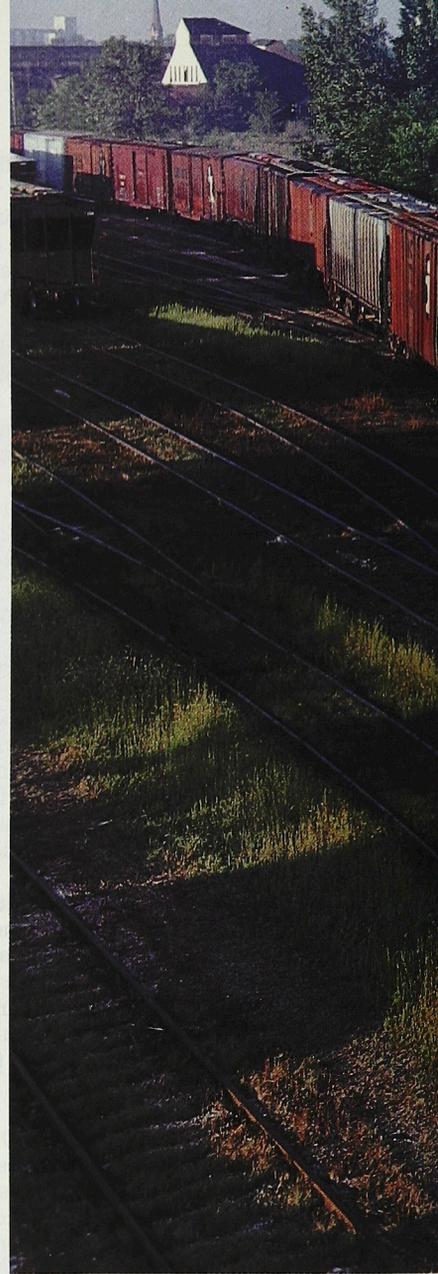
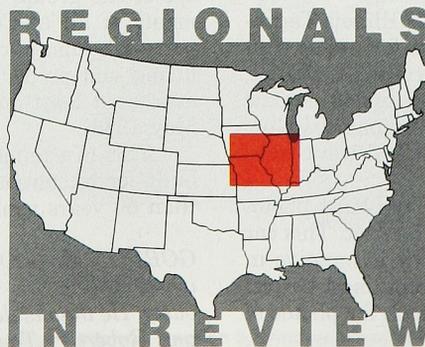
C&A built to East St. Louis in 1865, completing the St. Louis-Chicago route. Blackstone also looked to the west. In 1868, C&A secured control of the "Jack Line," parallel to the mainline on the west from Bloomington south via Jacksonville to Godfrey. From Roodhouse, C&A built west to the Mississippi River opposite Louisiana, Mo., then on to Mexico, Mo. In 1873, a bridge at Louisiana replaced a ferry operation. A branch from Mexico south to

the Missouri River across from Jefferson City was added.

In 1878, expansion from Mexico to Kansas City was completed, except for a Missouri River bridge at Glasgow, where the crossing was handled by two ferries. To build across the Missouri, the railroad made a bold decision: it would be the first with a bridge entirely made of a new material, steel. American Bridge Company was chosen to build it. The structure was designed to have five steel spans each 314 feet long and approach viaducts made of iron.

During construction, the falsework supporting the bridge collapsed, and part of the structure fell into the river. During the delay, a steel bridge was completed by Chicago & North Western. C&A had lost its claim of being the first to *complete* an all-steel bridge, but it became the second on June 7, 1879, when the Glasgow bridge was finished.

Under Blackstone, the financially successful Chicago & Alton was hailed as the best road in the Midwest. By 1871 it hauled more coal into Chicago than any other railroad, and it moved a lot of wheat, corn, and livestock between Kansas City and Chicago. Most C&A freight originated and terminated on-line. As the century ended, Blackstone planned to retire, and several railroad moguls such as Gould, Rockefeller, and Harriman became interested in the C&A as a connection.



In 1899, a syndicate led by E.H. Harriman gained control. C&A served as Harriman's connection between his Union Pacific and his Illinois Central. C&A received capital for trackwork, and soon showed increases in revenue. Some of Harriman's financial dealings with the C&A were controversial, however, and raised the ire of President Theodore Roosevelt. Harriman was forced to sell off part of his empire, and by 1904 the Rock Island held a majority of C&A stock. During this time, the new "air line" connecting Springfield and Murrayville, Ill., was done, shortening the route to Kansas City.

In August 1907, C&A came under control of Toledo, St. Louis & Western (Clover Leaf), but this was a financial disaster and both were in receivership by 1912. In 1921, C&A was released from Clover Leaf control, but C&A had



AGAINST backdrop of abandoned Alton shop buildings, two of CM&W's three repainted units lead local BLJO out of Bloomington yard in September 1987. Steve Smedley photo.

to reenter receivership a year later. C&A remained there until 1932 when it was purchased through foreclosure by Baltimore & Ohio, which changed the C&A name to Alton Railroad.

The expansion of an Eastern road west of St. Louis' was not appreciated by other railroads, and the Alton acquisition caused B&O to lose more traffic than it gained. By 1942 the Alton was back in the courts' hands.

On May 31, 1947, the Alton system was purchased by Gulf, Mobile & Ohio, itself a seven-year-old merger product based in Mobile, Ala. Traffic levels increased on the Chicago-St. Louis line, but the Kansas City route did not have similar success. The conservatively managed GM&O remained financially secure until it was absorbed by merger into Illinois Central to form the Illinois Central Gulf on August 10, 1972.

No longer "the Only Way"

Although the Alton Route had benefited from east-west bridge traffic, its prosperity had eroded in the early 1900's after its connections had built or acquired paralleling lines. Service and equipment stagnated; the Alton didn't acquire a single new steam engine after 1921. Highway competition emerged, as primitive roads along the Alton's Chicago-St. Louis backbone were stitched into what became U.S. 66 and later Interstate 55. Much of the road is within sight of the tracks.

Successive managements were unable to restore the Alton's financial health. GM&O came closest by developing movement of southern Illinois coal to Commonwealth Edison's Chicago-area generating stations in unit-train quantities. That profitable traffic ended, though, when clean-air legislation

in the early 1970's forced the utility to stop buying such high-sulfur coal.

Inadequate maintenance and capital investment left the old Alton in deteriorating condition during the 1970's. The lines occupied a low position on Illinois Central Gulf's priority list. Instead, ICG concentrated on its Illinois Central mainlines. An exception was between Springfield and St. Louis. ICG built a connection in Springfield to the old GM&O, then abandoned the south end of the IC route.

By 1985 the former Alton was the proverbial disaster waiting to happen. Amtrak's Chicago-St. Louis trains were riding rough track. On the Kansas City line, conditions limited freights to 10 mph for miles. The 295-mile run between Springfield and K.C. typically consumed 20 hours. Indeed, the Federal Railroad Administration shut down the



Randy Olson.

LINK with South Shore is visible as CM&W and CSS units head west at Hegewisch, Ill., July 15, 1987, bound for Joliet via IC trackage rights.

line briefly in 1979 when the neglected block-signal system became unreliable. ICG "solved" the problem by cutting off the line's antique semaphore signals at their bases and designating the railroad as "dark" (nonsignaled) territory.

A surplus route

By the mid-1980's ICG had embarked on a pioneering course of selling off large chunks to new operators. With lower labor costs and localized manage-

ment, these firms hoped to be able to squeeze more profits out of underutilized assets. This strategy paid off for ICG, which raised hundreds of millions of dollars. For the two dozen-plus short-lines and regionals that acquired pieces of ICG, though, results were mixed. The Chicago, Central & Pacific went through a bankruptcy in 1987, and Gulf & Mississippi—the first big ICG spinoff, in July 1985—averted one only by being taken over in 1988 by its prof-

itable spinoff neighbor, MidSouth Rail.

By late 1985, when ICG announced an ultimate goal of slimming to a 3000-mile core system, what remained of the old Alton was the last major package on ICG's disposition list. ICG knew that this sale would be a complicated affair, largely because of the obligations to Amtrak. ICG freight traffic had atrophied, and Amtrak had become the heaviest user of the Alton mainline, with eight daily trains using it. Amtrak was well aware of the deteriorating track and feared that transfer of the line to a leveraged regional firm would lead to further decay. Amtrak's cooperation would have to be obtained before a sale could proceed because, under Amtrak's 1971 agreement to assume responsibility for GM&O's passenger service, Amtrak had the right to block ICG's disposition of the line.

Another complication was the lack of on-line shippers. Chemical plants and refineries, plus the giant Corn Products plant at Argo, were on the Chicago-Joliet portion, but ICG planned to retain that. The buyer would get access to Chicago only to interchange with other railroads. Although Commonwealth Edison's generating station at Plaines, south of Joliet, would be on the line to be sold, ICG had already conveyed the right to serve that plant to Chicago Central.



Michael W. Blaszak.

ROODHOUSE heritage is evidenced on water tower and with its high school "Railroaders."

In St. Louis and Kansas City, the former Alton had always been a tenant of other railroads, so it could provide local service there only through expensive switching arrangements. The Illinois line bisected productive cornfields, but most of the grain went to market either by highway to processing plants or by truck and barge to export destinations via the Illinois or Mississippi Rivers. The agricultural traffic still on rails—largely inbound fertilizer—had been stunted by the farm depression of the early 1980's. Only in one area would the line enjoy any semblance of a customer base: East St. Louis, including the chemical complex at nearby Sauget and north to Godfrey and Alton.

The less-than-ideal condition of the track; the small number of shippers; and the burden of fulfilling obligations to Amtrak all lead to an obvious question: Why would any entrepreneur accept the risk of re-establishing the Alton as an independent railroad?

Venango River Corporation saw a valuable business opportunity. "Venango" had been formed by four ex-Santa Fe managers in 1983 to purchase the Chicago South Shore & South Bend (CSS), Chicago's beloved "last interurban," from absentee owner Chessie System. This was accomplished in 1984. Under Venango partner and CEO John Darling, the South Shore marketed its freight service heavily, which brought a boost in revenues. This encouraged the Venango men to expand their horizons.

The landlocked South Shore could not grow. It functioned primarily as a terminal line, shuttling coal, steel, and paper between its large on-line shippers (steel mills and coal-fired utility plants) and its many Class 1 connections. Marrying the South Shore with the old Alton, in Venango's estimation, would give the South Shore a longer line haul and more revenue.

Venango's discussions with ICG began in an unlikely locale—the Antlers Hotel at Colorado Springs—where Darling and ICG official Henry Borgsmiller talked during a trade meeting in June 1985. ICG's public announcement in March 1986 that the former Alton was

for sale attracted other bidders, but Venango topped them. On July 29, 1986, ICG announced an agreement to sell 631 miles of trackage between Joliet, East St. Louis, and Kansas City to a Venango affiliate for \$81 million. ICG Chairman Harry Bruce said the transaction represented the "last tile in the mosaic" of his ICG spinoff agenda. Venango officials were similarly effusive, describing plans to spend \$65.4 million over five years to upgrade the physical plant and hire up to 247 new employees to augment ICG's 625.

Drawing inspiration from history, Venango named the new carrier Chicago, Missouri & Western Railway Company. For an emblem, CM&W adapted the one used by the long-abandoned interurban, Chicago Aurora & Elgin, once a sister to the South Shore in the utility empire of Samuel Insull. It perhaps escaped the partners' attention that the "Roarin' Elgin" had also used the herald to advertise itself as the "Sunset Lines"—an appellation which sadly proved apt for both organizations.

Venango's best-laid plans

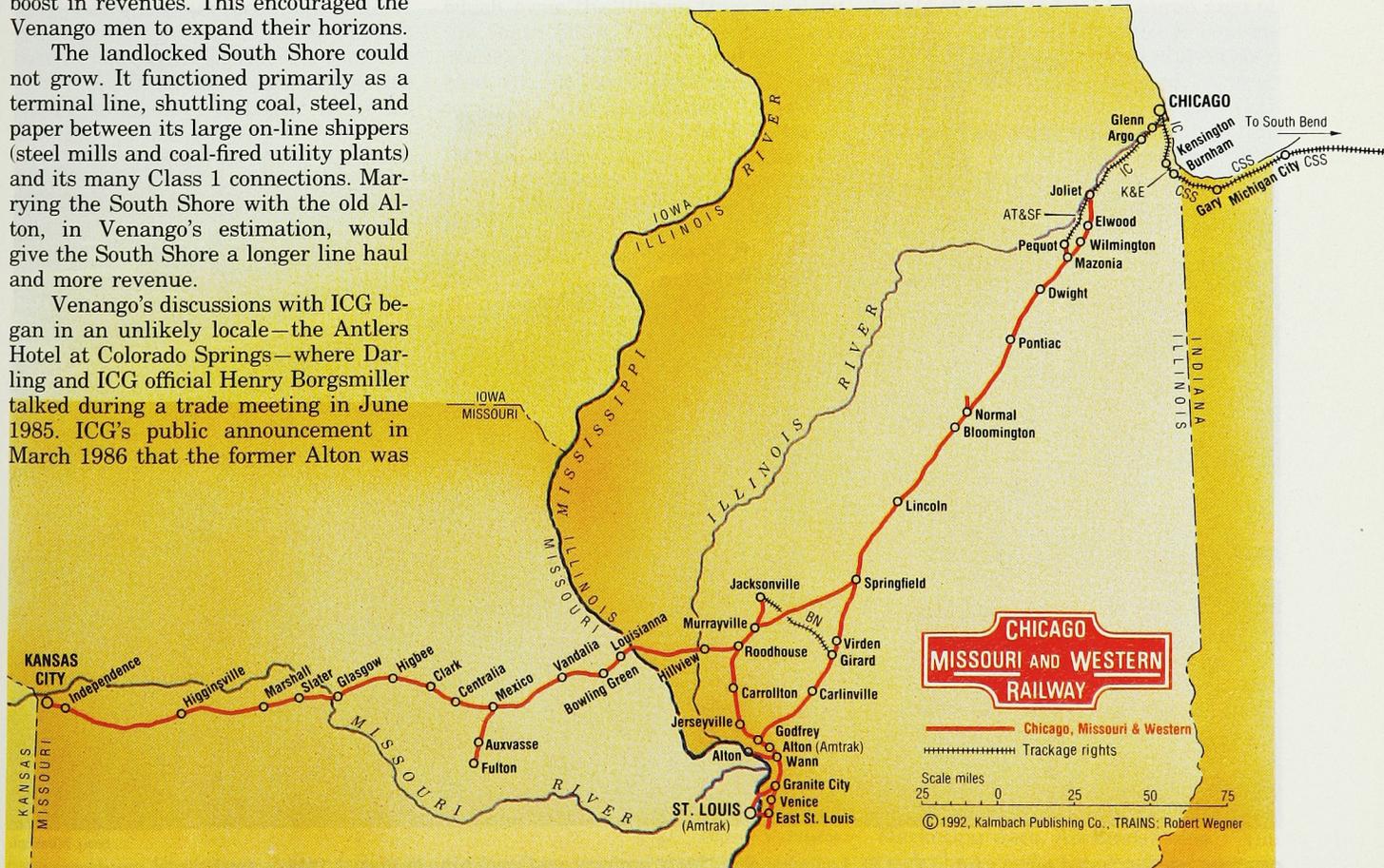
Even by the standards of the flamboyant 1980's, Venango's proposed purchase was highly leveraged. The holding company advanced \$3.7 million, covering start-up expenses, but that would provide CM&W with only a mod-

est cushion against financial shortfalls. Still, Venango felt confident about CM&W's potential because it had been conservative in its business planning.

Venango's traffic consultants projected CM&W's annual line-haul revenues to be about \$53 million, vs. the \$170 million ICG said the lines generated in 1985. This assumed ICG would do what comes naturally and divert shipments to lines it planned to keep. Venango tried to include the Chicago-Joliet line in the transaction, but Bruce insisted that would be a "deal breaker," so the property line remained 75 feet north of Jackson Street in Joliet.

Venango estimated CM&W's total annual income at \$60 million; operating expenses were projected at \$34 million. In theory, enough money would be left over to pay about \$11 million toward principal and interest on the acquisition loan, spend about \$2 million on normal maintenance, and devote about \$4 million more to the \$65.4 million upgrading program. This would still leave a profit for Venango's risk-taking stockholders.

Railroads are not static enterprises, though, and as 1987 dawned, outside events began to overtake the protracted negotiations among ICG, Venango, and the prospective lender, Citicorp North America. With the sale coming, ICG lost interest in marketing service over



the lines CM&W would get. Traffic began to erode.

Based on its own investigations, Venango in early 1987 began to doubt the accuracy of ICG traffic data. Claiming it had to maintain confidentiality, ICG refused to let Venango audit this data, or review applicable transportation contracts, until after the sale.

To resolve Venango's and Citicorp's concerns, the parties negotiated a Traffic Protective Agreement in April 1987. This pact, which frankly acknowledged that CM&W would "need the cooperation and assistance of ICG in order to attain profitability," obligated ICG to "use best efforts" to maintain previous traffic volumes over CM&W lines. ICG further bound itself "to ensure that traffic that had historically moved via Springfield shall continue . . ." Relying on ICG's assurances, the lenders assembled by Citicorp agreed to put up the purchase money, although requiring Venango to scale back its track rehabilitation budget from \$65.4 million over five years to \$38.5 million over seven years.

A skeptical Amtrak was another obstacle to quick completion of the sale. When Venango and ICG approached Amtrak for its consent, Amtrak hired a consulting engineer to report on the line's condition. He found 293 track defects that needed repair in order to sat-

isfy ICG's obligation to maintain the line at its 1971 "level of utility." ICG offered to pay for these if Amtrak would release it from its ongoing obligation to maintain the line and rely solely on CM&W. Amtrak said no.

The impasse was not broken until March 30, 1987, when ICG agreed to fund trackwork, which would be done by CM&W before October 1. The agreement did not resolve ICG's future maintenance responsibility.

Although these negotiations delayed closing of the sale long beyond the original date of November 15, 1986, they gave Venango more time to organize the transition in operations. Venango knew it would have to improve service while reducing expenses. New agreements with the employee unions, announced in early 1987, were a key step. CM&W obtained the right to operate two-person crews on "express" trains and three-person crews on trains doing local work. Pay was based on hours worked rather than miles covered. There was no road/yard distinction; three-person crews could be asked to perform any work anywhere. In return, CM&W would schedule work assignments, allowing each employee to plan his or her life around a regular call time.

By April, CM&W had recruited 600 employees, more than 500 from

ICG. The decision to leave ICG, which if nothing else offered a steady paycheck, was a tough one. But many people, particularly those who had gone to work for GM&O, came to share Venango's vision of a revived, rehabilitated, and profitable railroad. "If John Darling don't make it," said one, "then I won't make it. This must be the way every one of us must feel, and if they don't, then I don't want them" as fellow workers. The devotion of rank-and-file employees would prove a valuable asset to CM&W.

For motive power, CM&W entered the used-locomotive market. Demand was slack, so CM&W leased second-generation EMD road units at favorable rates. The roster [page 61] included 26 ex-Western Pacific/Union Pacific GP40's, most still wearing WP's final scheme of "Perلمان green" and orange, and 27 black or blue ex-Penn Central/Conrail GP38's. These were joined by a lone ex-IC GP38AC, substituted for a rejected Conrail unit. Pittsburgh & Lake Erie leased CM&W 7 SW1500's.

CM&W also could count on the South Shore's 10 GP38-2's as needed (CM&W's GP38 number series began at 2020, 10 above South Shore's 2000-2009). Heavy locomotive maintenance would be done under contract by South Shore's Michigan City shops. ICG was obligated to supply CM&W with most



Scott Muskopf.

ONETIME Illinois Central hump yard in East St. Louis became CM&W property, and emptiness in August 1989 is symbolic of problems.



Michael W. Blaszk.

AMTRAK Ann Rutledge passes Wann cabin on CM&W's third day in 1987. Coexistence with Amtrak would become crucial to CM&W's future.

freight cars it would need, but CM&W later leased some specialty equipment bearing its reporting marks, CMNW. (The mark "CM&W" was adjudged too similar to Chicago & North Western's C&NW).

CM&W shared terminal facilities as well as mainline trackage with ICG. The new road received overhead rights on ICG from Joliet through downtown Chicago to the connection at 115th Street with the Kensington & Eastern,

which owns the Illinois track used by the South Shore. CM&W trains would operate over K&E to a yard at Burnham, Ill., on the Indiana border, to interchange with South Shore.

ICG also allowed CM&W to use its IMX intermodal facility in Chicago for piggyback business. CM&W engines for IMX, like ICG's, laid over at Glenn Yard, ICG's ex-GM&O facility. ICG, in turn, kept rights over CM&W's Springfield-East St. Louis mainline, and

would still use the old IC hump yard in East St. Louis (which CM&W bought) and the intermodal terminal at Venice, Ill., site of the old Alton yard.

Frustrated ambitions

After a marathon meeting that lasted until 4:20 a.m. on April 28, 1987, ICG turned possession of the CM&W over to Venango at 3:01 p.m. On May 5th, the Venango partners hosted a gala opening ceremony which included a three-car special passenger train from Chicago to Springfield. Illinois Gov. Jim Thompson officiated at a ribbon-cutting ceremony at the depot in front of orange South Shore GP38-2 2000, temporarily relettered CM&W for the event. (CM&W would later honor Illinois' interest in the railroad by naming GP38 2036 "Governor James R. Thompson.")

If success could be measured by favorable publicity, CM&W topped the charts in the next few months. CM&W distributed brochures describing its challenging plans and encouraging prospective shippers to contact not only its built-from-scratch marketing department, but also any of its other employees. "I like to stress that everybody on the CM&W has two jobs," Venango partner and CM&W Vice President-Marketing Jack Alexander said. "You might be a conductor or a freight agent,



Michael W. Blaszk.

CREWS change after 12 hours west of Centralia, Mo. Employee loyalty was a CM&W asset.



Michael W. Blaszak.

SWITCH crew works north end of CM&W's cramped ex-GM&O 12th Street yard in Kansas City's West Bottoms, an area crowded with rail lines.

but you are also a salesman. Everybody is a salesman.”

Among other innovations, Alexander devised a system of allowances designed to reimburse traffic producers for the cost of trucking grain to on-line elevators. He also attempted to encourage rail-to-barge movements via the river terminal operations in East St. Louis. As on the South Shore, Alexander's aggressive approach developed new business; one CM&W on-line firm

ordered cars for loading for the first time in 17 years.

The operating department pitched in by giving Alexander service to sell. CM&W's initial published schedule for "Gateway Regional Service" called for two Chicago-St. Louis overnight intermodal trains in each direction, one of which featured a Kansas City connection west of Springfield, and additional manifests every day between Chicago and East St. Louis, Chicago and Kan-

sas City, and East St. Louis and K.C.

Locals out of Bloomington, Springfield, East St. Louis, Roodhouse, Mexico, and Slater (GM&O's old division point) worked CM&W's customers and interchanges. CM&W employed leased ICG Geeps, plus the South Shore GP38-2's, until its own secondhand power arrived. Artist Mitch Markovitz devised a maroon-and-red scheme for CM&W which recalled the heritage of the Alton, but it was late June before a repainted locomotive entered service (only three would be done). By then, the railroad community had learned that the rosy publicity of CM&W's start-up did not reflect reality.

To Venango insiders, failures had become evident on Day One. Despite coverage in the trade press, the CMNW reporting marks meant absolutely nothing to veteran yard clerks at off-line points. They mistakenly interpreted them as C&NW or N&W (Norfolk & Western) and routed cars accordingly, or just handed them over to ICG. CM&W had planned to rely on ICG's computer system for car-movement data, but output proved unreliable. CM&W had to compile information by hand. Late information and misdirected cars caused train delays. Ballooning payouts to train, engine, and clerical employees, plus additional car-hire expense, bloated operating costs one and a



Michael W. Blaszak.

MANNED junction towers dotted CM&W. This is Ridgely, C&IM's crossing in Springfield, Ill.

half times over the budgeted \$34 million.

Meantime, revenues were severely behind both the business plan and historical yardsticks. CM&W blamed most of the shortfall on ICG's apparent failure to live up to its commitments under the sale documents. There was considerable evidence, in Venango's eyes, that ICG was a voracious competitor, not the dotting parent envisioned in the Traffic Protective Agreement.

Crucial to CM&W's income projections was moving high-revenue chemical traffic between Joliet and East St. Louis via Springfield. In mid-May 1987, though, ICG eliminated CM&W from tariffs on routings between its local points. So all CM&W got was a switching charge for the short move at East St. Louis. CM&W also expected ICG to supply coal traffic, but it never appeared. By August, CM&W had determined it was seeing only slightly over half the movements to and from ICG that it thought ICG would produce.

ICG failed to utilize its Springfield-East St. Louis trackage rights, shifting its daily Chicago-East St. Louis freight to the mainline via DuQuoin, Ill., in September 1987. In November 1987, ICG discontinued its Chicago-St. Louis intermodal train, last regular user of the CM&W rights. ICG also made no effort to continue through Chicago-Kansas City traffic via CM&W; its only regular service to Springfield was a local out of Clinton.

The CM&W countered by reducing train frequency, cutting back the track program, and laying off employees. The Springfield-K.C. intermodal train went first. CM&W was soon forced to borrow more from the lenders to pay its bills. More drastic action was needed.

In September 1987, Citicorp prevailed on Venango to hire a consultant. Darling selected David Barr, a blunt executive from Reston, Va. Barr, who had no railroad experience, acted quickly to restrain CM&W's operating costs.

CM&W was dissatisfied with the interchange service provided by Belt Railway of Chicago, and frustrated by

the difficult approach to Clearing Yard for CM&W's turnaround Joliet-Clearing local (symbolized JOJO and known, of course, as the "JoJo"). Since its daily St. Louis-Burnham Yard trains also called at Indiana Harbor Belt's Blue Island Yard, CM&W contracted with IHB to handle its Chicago terminal work.

Under Barr, CM&W also moved its dispatchers from ICG's Chicago center to an office in downtown Springfield. As marketing people attracted traffic—carloadings increased from 4438 in May 1987 to 8250 in March 1988—CM&W's revenues began to approach expenses.

Unfortunately, however, Barr's gutting of the maintenance program caused CM&W's track and car problems to increase. Amtrak trains entering CM&W at Joliet during fall 1987 would receive 30 slow orders. On February 26, 1988, deteriorating ride quality forced Amtrak to reduce the maximum operating speed of its Chicago-St. Louis trains from 79 mph to 60. Time-keeping became a severe problem, although patronage held up fairly well.

Knowing that CM&W couldn't afford to fix the track, Amtrak began pressuring ICG to fund the necessary work, but without success. CM&W was also pressuring ICG, demanding that it honor its obligations. ICG countered that it had done everything the agreement required and owed CM&W nothing.

A weekend summit meeting at Oakbrook, Ill., in January 1988 failed to resolve the dispute, and CM&W turned to the courts.

On February 23, Venango, CM&W, and South Shore sued ICG and its holding company parent, IC Industries, alleging that ICG had failed to provide CM&W with "cooperation and assistance" toward profitability as required by the Traffic Protective Agreement. CM&W said ICG had cancelled joint rates over CM&W routes and cut rates on its own lines to keep traffic CM&W should have handled, and it had refused to turn over Chicago-St. Louis transportation contracts, all in violation of the sale agreement. After adding fraud and racketeering counts, the complaint demanded a treble damage award.

The failure of the January 1988 summit, in Darling's view, sealed CM&W's fate. Without the high-yielding traffic Venango had expected, but that ICG refused to give up, CM&W would never be able to afford the rehabilitation it needed to survive as an independent railroad. Venango's focus shifted toward selling the line to someone who could. Citicorp, though, was increasingly worried that it would not get its money back. Venango argued that CM&W would fetch a higher price as a going concern than as a dead one, but the bank didn't agree, calling its loan

In the spirit of the Alton Route

Nos.	Heritage	Qty.	Model	Year	Notes
1500-1506	P&LE	7	SW1500	1973	Ex-1534, 1536-1538, 1541-1543
2020-2047	CR	27	GP38	1969	2035 excluded; ex-PC 7747, 7750, 7761-7765, 7767, 7774, 7777, 7779, 7784, 7786-7788, 7793, 7797-7800, 7804-7807, 7810, 7815, 7823
2048	ICG	1	GP38AC	1970	Ex-ICG 9512, originally IC 9512
3000-3025	WP	26	GP40	1970-71	Ex-WP 3517-3526, 3544, 3528-3539, 3541-3543; to UP (see below for details)

Remarks: All units B-B wheel arrangement, built by Electro-Motive Division, General Motors.

Key to initials: CR, Conrail; IC, Illinois Central; ICG, Illinois Central Gulf; P&LE, Pittsburgh & Lake Erie; PC, Penn Central; WP, Western Pacific.

These WP units had been given Union Pacific Nos. after 1982 merger: UP 676 (ex-3528), 679 (ex-3531); 680 (ex-3532); 681 (ex-3533); 684 (ex-3536); 686 (ex-3538); and 690 (ex-3543). Only the 680 was repainted UP yellow (it had been repainted yellow as WP 3532); others remained WP green.

Source: Chicago, Missouri & Western.—M.W.B.



TRAINS: J. David Ingles.

LONE ex-IC GP38AC idles with ex-WP GP40's at Bloomington October 18, 1987. For CM&W, secondhand EMD's were readily available.

on March 31, 1988. CM&W couldn't pay it. Bankruptcy was the only option.

Through the wringer

CM&W filed for reorganization in the federal bankruptcy court in Chicago on April 1, 1988, listing assets of \$103.6 million and liabilities of \$131.9 million to the secured lenders and over 900 unsecured creditors. The proceedings were assigned to Bankruptcy Judge John Schwartz, a feisty and experienced arbiter. Schwartz appointed former Illinois Gov. Richard Ogilvie, who had just been released from service as Milwaukee Road's trustee, to serve as trustee for the CM&W estate. Ogilvie, however, unexpectedly collapsed and died on May 10th. On the following day, the judge selected as Ogilvie's successor Chicago attorney Daniel Murray, who had represented clients in the Rock Island and Milwaukee reorganizations.

Battle lines formed between the lenders, which wanted CM&W shut down and liquidated immediately to enable them to extricate their loans, and Murray, who was legally obligated to keep the railroad running and needed to borrow more cash to pay its bills. Amtrak, after lengthening Chicago-St. Louis schedules in May 1988, also entered the fray, stepping up demands that CM&W repair the mainline as earlier agreed. Murray, who had no money

for trackwork, asked Schwartz for authority to terminate CM&W's "burdensome" Amtrak contract and negotiate a better deal. Amtrak submitted the dispute to arbitration.

The State of Illinois was more than an interested bystander. In mid-June, Amtrak had begun evaluating alternate routes for Chicago-St. Louis trains in case CM&W shut down. The line functions as Illinois' primary intrastate rail passenger route, linking Chicago with Springfield, the state capital. The state subsidizes four of the eight daily passenger trains. Amtrak's studies indicated the best alternative to be via Champaign and Decatur, over ICG and Norfolk Southern. That route, however, misses both Springfield and Bloomington, then the station for Illinois State University at nearby Normal (where Amtrak now stops), and would require elimination of half the trains due to lower patronage.

Since removing Bloomington and Springfield from the Amtrak map was not acceptable to the state, keeping CM&W and its Amtrak route alive became a political priority.

Three state departments assembled a \$14 million financial life-support package for CM&W in late June. Illinois DOT agreed to fund \$3 million in track improvements, including a new connection at Girard. This would allow

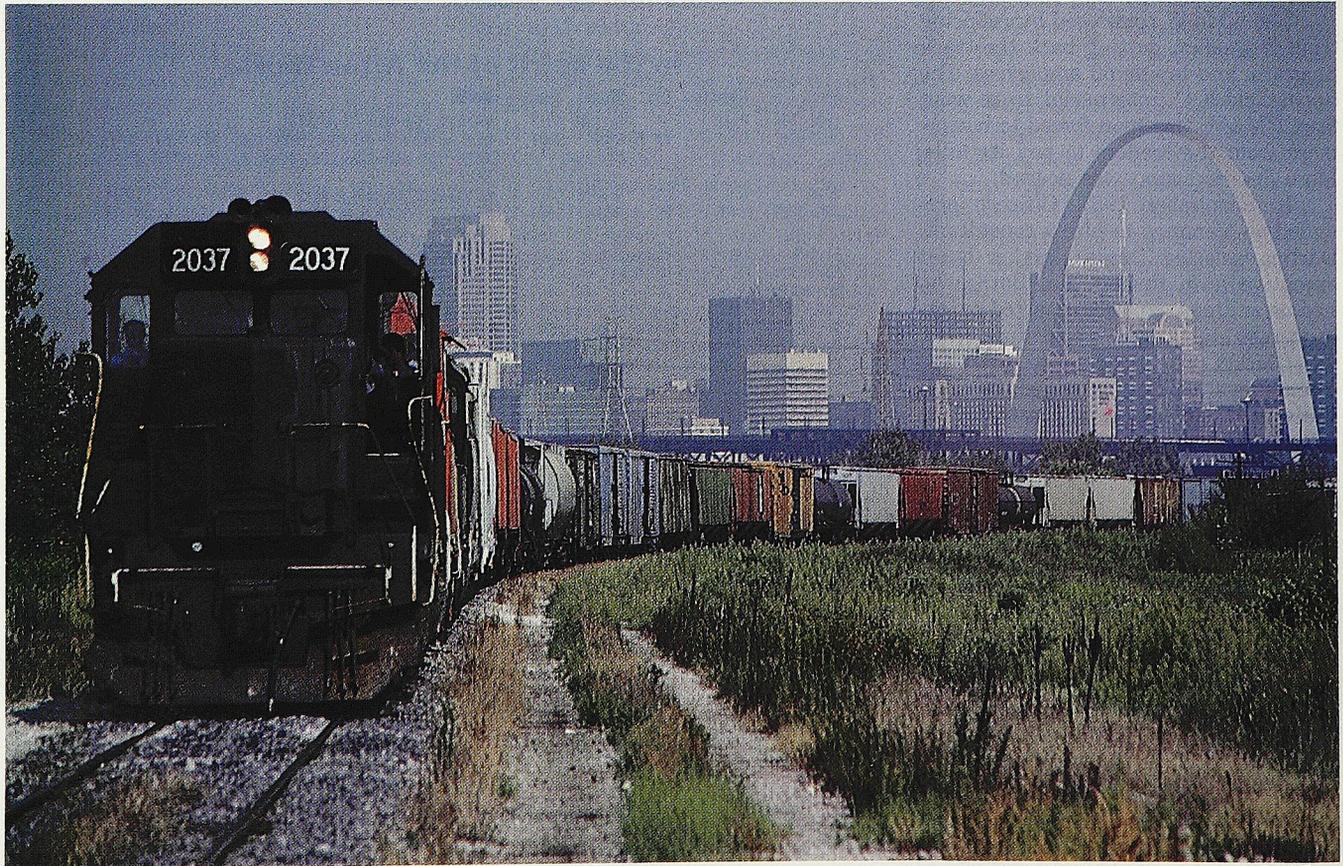
CM&W to get off the worn-out Murrayville-Jacksonville spur by using Burlington Northern trackage rights from Girard to Jacksonville, home of important customer Mobil Chemical.

The Department of Commerce and Community Affairs would lend \$1 million in working capital, while the Illinois Development and Finance Authority would provide a \$10 million "Build Illinois" loan for longer-term rehabilitation of CM&W Illinois trackage. These grants would save the Amtrak service and give Murray more time to find a long-term solution.

Citicorp objected, since the new loans would be paid off from the estate's assets ahead of the lenders' old ones if CM&W were liquidated. Judge Schwartz, after hearing both sides' arguments, was persuaded by Murray's that the public's interest in continued service outweighed the creditors' concern over their loans. On August 24, he entered an order allowing Murray to accept the state's money.

Though Amtrak had to lengthen schedules for its trains again in September 1988, following several months of virtually none being on-time, the crisis had been temporarily averted.

Murray prevailed in another arena by securing a substantial settlement of the Traffic Protective Agreement lawsuit from ICG, which had meantime re-



Paul Fries.

WITH Gateway Arch and skyline as backdrop, ex-Penn Central "brick" GP38 leads train KCSL toward East St. Louis yard September 6, 1987.



Steve Smedley.

STANDING watch over CM&W is Illinois capitol as Chicago-St. Louis freight heads south behind GP38 2036, later named for Gov. Thompson.

named itself Illinois Central. After considerable pressure on IC, a settlement was reached that obligated IC and ICI to pay the lenders \$19 million and the CM&W estate \$7.5 million.

The trustee was no more successful than Venango had been, however, in writing the old Alton's income statement in black ink. Under Murray, CM&W attempted to drum up more business, but agricultural traffic evaporated during the drought of summer

1988. When CM&W tried to land a contract for double-stack trains of imported auto parts from Kansas City to Bloomington for Diamond Star Motors, the railroad was quickly counted out because of its uncertain future, deteriorated track, and proposed 36-hour schedule. The business went to Santa Fe via East Peoria (highway from there).

The most significant contract that CM&W obtained in bankruptcy was for unit coil-steel trains from National

Steel's Granite City (Ill.) plant to its Burns Harbor mill at Portage, Ind., served by South Shore. The trains ran two to three times a week beginning in September 1988. For the most part, however, CM&W marketing managers resorted to "buying" low-value traffic such as "roller" cars of lumber (lading which has not yet been sold—it "rolls" slowly east while awaiting buyers). Rates would be marginally profitable, and sometimes unprofitable, but the traffic would keep cash flowing.

The finances of bankrupt CM&W reached a high point in late 1988, when its monthly cash loss from operations narrowed to \$329,000. This was aided by several unit coal trains off BN in southern Illinois for Chicago. But the pace of that improvement was not sustained after IC won the contract in early 1989. The root causes of CM&W's inefficiency had not been addressed, and its deficit increased substantially. The only way Murray could avoid shutting down and ripping up CM&W was to attempt to sell the railroad assets to a larger system willing to mount a rescue effort of its own. **I**



TRAINS: J. David Ingles.

FORMER Santa Fe caboose trails freight KCSL crossing Mississippi bridge at Louisiana.

NEXT MONTH: Southern Pacific rides to the rescue of the Chicago-St. Louis mainline. Join Mike Blaszak for the continuation of the Chicago, Missouri & Western story in October TRAINS.

Out of one railroad, two

*Southern Pacific reaches Chicago,
and Santa Fe gets to St. Louis*

MICHAEL W. BLASZAK

OWNER Venango River Corporation had hung a "for sale" sign on its ill-fated Chicago, Missouri & Western before the railroad declared bankruptcy in April 1988, and Daniel Murray, appointed as trustee by the bankruptcy court, had shopped it around after taking office. The initial response of the major railroads, though, was a collective yawn. CM&W's ills were widely recognized within the industry, and the trunk lines already had taken a pass on the old Chicago & Alton routes when Illinois Central Gulf had privately offered them in 1985.

Murray persisted, though, and in time two viable and interested buyers emerged. The Chicago-St. Louis line was a natural extension of Southern Pacific's St. Louis Southwestern ("Cotton Belt") north from the St. Louis area, the system's easternmost terminal. SSW entered St. Louis on trackage rights over Union Pacific from both Kansas City and southern Missouri, and owned its own yard at Valley Junction in East St. Louis. SP had never served Chicago, the nation's top railroad center, and Philip Anschutz's Rio Grande Industries, after purchasing SP in 1988, wanted to fill this gap on its map. Although SP would acquire the aggravations of operating Amtrak's Chicago-St. Louis trains, the big Western system also would extend its haul on eastbound lumber and chemical traffic and thus increase its share of through revenue.

Similarly, CM&W's St. Louis-Kansas City line represented a feasible route into St. Louis for the Santa Fe, which since the 1880's had tried unsuccessfully to enter that important rail gateway. Indeed, Santa Fe had proposed to upgrade the western portion of the Alton's Kansas City line in 1945 as part of a plan to reach St. Louis via trackage rights over the joint Alton-Burlington route. The Interstate Commerce Commission, however, ruled in 1948 that the weak railroads of the

Southwest, many of which were undergoing financial reorganizations, could not withstand added competition from the solvent Santa Fe.

Such regulatory paternalism had long gone out of style by 1989, and Santa Fe Chairman Robert D. Krebs, himself a former Cotton Belt East St. Louis terminal superintendent, became eager to exploit the opportunity to reach St. Louis. One of CM&W's primary attractions to Santa Fe was that it owned its own bridge across the Mississippi River, up at Louisiana, Mo. Using the CM&W route, Santa Fe could reach eastern connections directly through Illinois without relying on, or paying the switching charges imposed by, the St. Louis terminal carriers Terminal Railroad Association (TRRA) and Alton & Southern. TRRA is partly owned, and A&S is wholly owned, by Santa Fe rivals UP and SP.

Due to restrictions in its own loan agreements, Santa Fe couldn't weigh down its balance sheet with debt from a CM&W acquisition. Santa Fe also preferred to allow another entity to hire crews, operate trains, and perform local service. The New York private banking firm of Wertheim, Schroder and Co., which had organized and financed new regional railroads during the 1980's (most notably Montana Rail Link), was willing to help. In June 1989 it agreed in principle to buy part or all of CM&W



and operate it as a separate railroad over which the Santa Fe could market through service to St. Louis on a "haulage" basis. (This is through traffic from Kansas City and west destined for St. Louis and east, or vice versa.) Santa Fe, in turn, would guarantee enough haulage traffic to provide Wertheim with the cash it needed to pay off the acquisition debt.

Neither Southern Pacific nor Wertheim had any incentive to help the other, and both submitted initial bids on the entire CM&W. SP opened with \$22 million; Wertheim quickly countered with a \$35 million offer. SP then told the CM&W's Bankruptcy Court Judge, John Schwartz, that it would pay \$22 million for just the 246-mile East St. Louis-Joliet route. After the SP further agreed to assume \$7 million of the CM&W's debt to Illinois, Schwartz gave



SOUTHERN PACIFIC local BLSFL switches in Lincoln, Ill., on October 22, 1990, against backdrop of Logan County courthouse dome. Steve Smedley photo.

his preliminary assent on August 3 and sent the deal to the ICC.

SP's proposal was approved September 29, 1989. Wertheim then offered to buy the remainder of CM&W for \$15 million. Bargaining continued, and on October 26, Murray agreed to sell for \$24 million. Included was a 50 percent stake in the line between Godfrey, Ill., and East St. Louis, that both needed to reach Eastern connections. [See CM&W map, page 57, September 1992 TRAINS.]

Meanwhile, CM&W's major creditor, Citicorp, kept pressuring Schwartz to stop CM&W's financial bleeding by shutting the railroad down. On June 28th, the lenders asked him to prevent Murray from taking any more of the state of Illinois' loan money; about \$5.5 million remained unspent. While this was being considered, Federal District Judge Marvin Aspen strengthened the

creditors' hand on July 18 in reversing, on appeal, Schwartz's 1988 decision allowing Murray to accept the state's loans as a prior lien on CM&W's assets.

With CM&W thus cut off from its only source of cash, Schwartz on September 15, 1989, ordered Murray to slash operating expenses to the bare minimum needed to keep the railroad functioning until it could be sold. As a result, 100 of CM&W's remaining employees were released, reducing the payroll to a mere 360.

CM&W's motley appearance reflected the worsening operating conditions as 1989 continued. With Venango River's other road, the South Shore, out of the picture, its Michigan City Shops had stopped maintaining CM&W's locomotives. CM&W's small facility at East St. Louis wasn't able to pick up the slack, so CM&W's post-bankruptcy

management hired VMV Enterprises in Paducah, Ky., to overhaul a few sidelined units. When the estate failed to scrape up cash to pay, though, VMV refused to return some of them. The hostages sat on VMV's back tracks for the remainder of CM&W's existence. Other leased units from Chicago & Illinois Midland and Indiana Harbor Belt filled in, along with a few ex-Santa Fe CF7's from National Railway Equipment in Dixmoor, Ill.

Enter the bumblebees

A notable change on the VMV units which did reach CM&W was a new color scheme. Replacing the elaborate Alton-inspired maroon and red was a black with yellow stripes reminiscent of Nickel Plate Road. The trustee's operating chiefs felt the new arrangement, nicknamed the "bumblebee" by



TRAINS: J. David Ingles.

OLD Alton depot and GM&O F3 stand silent as “bumblebee” GP38 2024 leads CM&W’s KCSL through Farber, Mo., in October 1990.

employees, would improve visibility while saving money. There were not enough overhauled and repainted units, though, to displace the dirty black, blue, or green ex-Conrail and Western Pacific “blobs” that led most CM&W trains. CM&W even ran a couple of units in coats of primer for months.

CM&W freight service fell victim to Schwartz’s increasingly stringent demands for economy. By the fall of 1989, through freight operations had been reduced to just three sets of trains: Chicago-Venice intermodals CHSLX/SLCHX, Blue Island-East St. Louis IHSL/SLIH, and St. Louis-Kansas City SLKC/KCSL, plus the Granite City steel trains. (IH stands for Indiana Harbor Belt, owner of Blue Island Yard.)

A consequence of the judge’s September 15th order was the consolidation of the Springfield-K.C. trains with the St. Louis trains west of Mexico, Mo. The truncated trains operated as SPME/MESP to bridge Chicago-Kansas City freight between Mexico and Springfield. Since CM&W continued, with some success, to solicit Kansas City “dead freight,” the result was often a 10,000-ton leviathan with up to 10 locomotives (rarely all working). It would regularly tie up the entire West Bottoms area of Kansas City upon arrival and departure at CM&W’s tiny ex-Alton yard, to the annoyance of the many other railroads running through there.

Locals ran on most of the Chicago-St. Louis main, and also out of Mexico,

between Slater and Kansas City, and in the East St. Louis area. The Jack Line was served by a local originating at CM&W’s hub, Ridgely Yard in Springfield. It would operate south on the St. Louis main to the new (1989) Girard connection, then north on BN to Jacksonville. The number of weekly assignments, though, was reduced during 1989. CM&W also ceased hump operations at the East St. Louis yard and flat-switched its own traffic starting in April 1989, when IC moved its trains over to A&S’s adjoining Gateway Yard.

In the Chicago area, CM&W took steps to expedite its terminal operations. It obtained the right to operate over the IHB-B&OCT belt line between Blue Island and GM&O Junction at Argo and rehabilitated the IC-B&OCT connection there. This allowed the St. Louis trains to reach Blue Island several hours faster than by going through Chicago over the IC. During summer 1989 CM&W also reached an agreement with Metra, the Chicago commuter railroad, for trackage rights over its ex-Rock Island between Joliet and Blue Island, which would have made the route even more direct. CM&W never used the Metra route, though.

SP gains Chicago

The creditors could add the amounts Murray expected to gain from the SP and Wertheim sales to the \$26.5 million settlement from IC and see that the total was far less than CM&W

owed them. For that reason, they opposed these transactions and demanded that Murray get more money from the buyers. Politicians such as Sen. Paul Simon (Dem., Ill.) were firmly on the trustee’s side. Political pressure over the continued threat of an imminent shutdown, applied by Illinois Attorney General Neil Hartigan, brought all sides to the bargaining table in late October.

In return for SP’s agreement to assume all, instead of half, of the state’s loans, Illinois agreed to forgive \$2.5 million of the amount owed, reducing interest on and stretching out repayment of the rest. The parties also agreed to broker a \$36 million state and federal loan for replacing much of the old mainline jointed rail with new welded rail. Following these modifications, which the lenders accepted, Schwartz gave his final approval to sale of the Chicago-St. Louis main to SP’s new subsidiary, SPCSL Corporation (SP, Chicago-St. Louis), on October 31. One final obstacle arose when Norfolk Southern, a CM&W creditor, demanded repayment of \$350,000 prior to the sale. In late-night negotiations on November 7th, NS accepted Murray’s promise to pay that sum off gradually. SP closed its purchase at 5:30 p.m., November 8, 1989, and ran its first train into Chicago, the overnight intermodal schedule, the following morning.

To avoid a court-ordered shutdown of the St. Louis-Kansas City route, San-



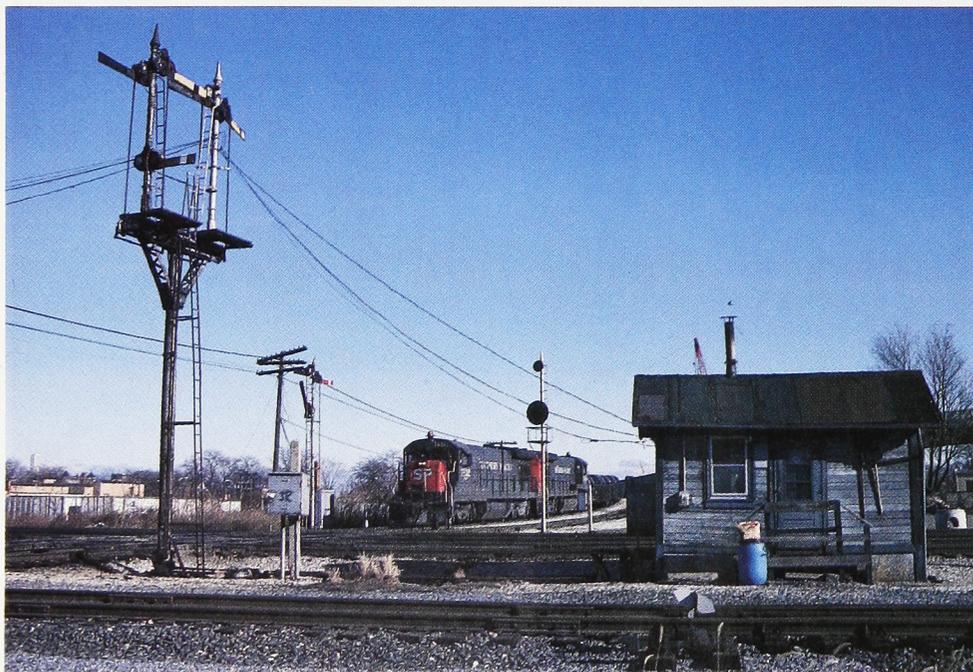
Steve Smedley.

SOUTH of Bloomington depot in July 1990, ballast train with two B30-7's waits as SPCSL's BIASM, led by Cotton Belt GP60, leaves town.



TRAINS: J. David Ingles.

BALLAST train with B23-7's and Rio Grande hoppers waits for northbound **Texas Eagle**.



R.B. Olson.

WESTBOUND steel train passes manual signals guarding Chicago's Brighton Park junction.



TRAINS: J. David Ingles.

SECOND Chicago route: Eastbound SP stack train meets BN commuters in Downers Grove.

ta Fe agreed to perform "directed service" under the Interstate Commerce Act until Wertheim and Murray could complete their deal. The ICC had approved the arrangement on November 3, and Murray transferred responsibility for the east-west service to Santa Fe on November 13. The result was a railroad that looked and operated just like CM&W, due largely to the Act's requirement that the directed service carrier must use the employees and equipment of the original carrier. The main difference, although invisible, was that Santa Fe, not the CM&W estate, was picking up the line's operating deficits.

During directed service, Santa Fe kept about 30 of CM&W's 65 diesels active, storing the rest (mostly GP40's), and continued to operate one daily train in each direction between Kansas City and East St. Louis, plus the locals. The lone casualty was the Springfield-Mexico train, as neither Santa Fe nor SP wanted to route Chicago-Kansas City freight via the former CM&W. Service over the Air Line District was limited to a turnaround local from Roodhouse to Springfield. Since SP controlled Ridgely Yard, former home of the Jack Line local, Santa Fe moved the origin of that train to East St. Louis. The local used the SPCSL (mainline) to reach Girard, then the BN trackage rights to Jacksonville.

One important project pursued during directed service was the state-financed upgrading to 30 mph of the Carrollton District between Roodhouse and Godfrey. This project had been funded in the aid package CM&W had received from Illinois in 1988, but Murray hadn't been able to complete it before relinquishing control. Santa Fe provided engineering support and materials, particularly ballast, to expedite the work before winter.

A competing offer to buy St. Louis-K.C. had been submitted by the Ashton Group (a Washington, D.C., merchant banker) and former Katy Railroad vice president Karl Ziebarth at the end of October. It was contingent on a bailout loan from the state of Missouri, however, and that never materialized. Thus, Wertheim proceeded with its plans, obtaining Judge Schwartz's authority to buy the railroad in December.

Santa Fe, Wertheim sign

On January 9, 1990, Santa Fe and Wertheim signed a Rail Services Agreement designed to support Wertheim's investment. Wertheim's new subsidiary would own the railroad and haul cars between Kansas City and St. Louis, or points east, on behalf of Santa Fe for specified charges. Santa Fe could market and price this traffic as it chose. Local traffic would be marketed and transported by the new carrier, with no



Steve Smedley.

FAMILY TIES: Brand-new Rio Grande GP60's—the last delivered in black and gold— lead BIASM down 3rd Street in Springfield June 4, 1990.

Santa Fe involvement. The new carrier, in turn, had to meet specified performance criteria and upgrade the railroad to FRA Class 3 standards (40 mph). The estimated cost for this was \$24 million over two years. Santa Fe guaranteed that its haulage revenue would be sufficient to fund the track program.

With this deal done, Wertheim's new corporation closed its acquisition of CM&W's remaining lines from the trustee on January 10. The employees along the St. Louis-Kansas City route, many of whom had been in service since the GM&O years (1972), had already selected the name for the new concern: Gateway Western Railway.

Less than three years after Illinois Central Gulf had sold the old Alton Route to CM&W, these lines had been divided between two new owners—SPCSL Corporation and Gateway Western (GWWR). Like CM&W, each company inherited a broken-down physical plant. Unlike CM&W, however, each was backed by a major railroad and had financing in place for rehabilitation from the ballast up. Like CM&W, neither was assured of ultimate success.

SP: new traffic, capital, ideas

After gaining control in November 1989 of Southern Pacific Lines' easternmost trackage, SPCSL wasted no time putting the SP stamp on the Chicago-St. Louis route. During the first few days, SP distributed gray-and-red die-

sels to local points, principally Bloomington; called back 30 furloughed employees to augment the 170 workers it inherited; and began solicitation of new business with a full-page ad in national and local newspapers. The ad depicted an SP double-stack train smashing through a poster of the Chicago skyline, strictly symbolic as SP trains rarely get that close to the Loop.

As may be expected with any startup, though, SP's took some time to build business. At first, train service was unchanged from the CM&W's last days. Train symbols conforming to SP's system were adopted, and the trains stopped using facilities included in the sale to Gateway Western. The overnight intermodal runs from IC's IMX terminal in Chicago shifted to SSW's Valley Junction terminal in East St. Louis from Gateway Western's Venice ramp.

SPCSL symbolized these trains CHESQ and ESCHQ, "Q" being the SP code for "sprint" or reduced-crew intermodal service. The East St. Louis-Blue Island overnight freights began using the A&S yard in East St. Louis instead of the old IC hump yard, which also went to GWWR. These trains were symbolized ASBIM (Alton & Southern-Blue Island Manifest) and BIASM.

The Granite City-Burnham unit steel trains continued to go through Chicago on IC trackage rights. ASBIM and BIASM sometimes operated via Burnham as well, but usually used the

connection at GM&O Junction. Early in its tenure, SP began handling grain trains from the Soo Line at Chicago to Cahokia Marine Service's recently opened rail-barge transfer terminal in East St. Louis. Ironically, this was traffic the bankrupt CM&W had begged and pleaded for, but it materialized only after SP bought the line.

Rebuilding of SPCSL's Joliet-Granite City mainline, financed by the \$36 million state/federal loan, began in earnest during summer 1990. SP mapped out a three-phase program to replace the worst of the old jointed rail and weld the rest in place, as well as replacing ties and building up the roadbed with new ballast. Phase 1, completed during the 1990 work season, saw the installation of 23 miles of welded rail and 57,500 new ties, along with the replacement or rebuilding of 52 turnouts and surfacing of 120 miles of track. Work during 1990 was concentrated south of Springfield, though large numbers of ties were inserted in the Pontiac, Bloomington, and Lincoln areas.

Phase 2, completed during 1991, involved installation of 77 miles of welded rail between Joliet and Normal along with 5½ miles at Springfield and 10 miles between Nilwood and Carlinville. About 55,000 ties were installed, principally between Joliet and Pontiac. Phase 3, undertaken during 1992, was to involve 16½ miles of welded rail and 33,000 ties, with additional new rail planned in 1993. Due to Amtrak's run-



Mike Schafer.

NORTHBOUND freight nears Bloomington in May 1991. SP plans to eventually replace distinctive signals dating from B&O control of Alton.

ning during the day, much of the trackwork is performed at night. Problems with the new rail forced a temporary recurrence of slow orders in late 1990 and 1991.

When the project is completed, passenger trains will be able to operate reliably and comfortably at 79 mph. SP freights also will benefit, as running speeds of up to 70 mph will permit shortening the 10½-hour Chicago-St. Louis schedules in effect when SPCSL bought the line.

During 1990 SPCSL changed the Chicago-area operating arrangements it had inherited from CM&W. In May, the intermodal terminal was shifted from IMX to CSX's facility in Bedford Park, adjacent to Belt Railway of Chicago's Clearing Yard.

Initially, SP had planned to use Indiana Harbor Belt's Blue Island Yard as its Chicago terminal, and to buy half of Soo Line's 49 percent ownership in IHB in conjunction with SP's acquisition of Soo's Chicago-Kansas City line. SP pulled out of that deal in August 1990, however, and subsequently decided to move over to the BRC to take advantage of Clearing's excess capacity. BRC, which had lost most of its business in a 1989 restructuring, was eager to land SP as a cornerstone tenant of huge but empty Clearing. SP's locals from Bloomington began terminating at Clearing during late summer, and SP's St. Louis trains shifted from Blue Island to Clearing in October, resym-

boled ASCHM and CHASM (A&S-Chicago Manifest). On November 15, 1990, SP notified the other Chicago roads that it would be handling all interchange through BRC.

In April 1990, SP had moved the origin of its East St. Louis-Eagle Pass (Texas) auto parts train to Chicago. Originating this at Blue Island did not pose difficulty, since all of SP's eastern connections delivered to IHB. However, getting its hot parts traffic to Clearing, which the other railroads had left, was another matter. SP eventually persuaded Conrail and Grand Trunk Western to resume service to Clearing Yard, and most of the other railroads followed suit. This prompted a revival of the Belt Railway's fortunes. By mid-1991 the once-slumbering Belt was tendering a growing volume of cars to SP within 12 hours of receipt, achieving a 70 percent operating ratio in the process.

Southern Pacific gave the Chicago-Eagle Pass CHEGA a northbound counterpart in February 1991, when a Houston-St. Louis train was extended to Chicago. During 1991 the ASCHM and CHASM were replaced by symbols running through East St. Louis to Pine Bluff, Ark. (PBCHM/CHPBM), and Lafayette, La. (LFCHM/CHLFM).

A second Chicago route

SPCSL operations expanded markedly on November 14, 1990, when the Southern Pacific began exercising trackage rights over Burlington North-

ern between Kansas City and Chicago.

Originally, SP had planned to get to Chicago by purchasing Soo Line's former Milwaukee Road route. But 42 miles of it on the former Rock Island "Spine Line" in northern Missouri are operated jointly with Chicago & North Western, and C&NW blocked SP's deal.

Acquisition would have been by a new SP subsidiary, SKCC Acquisition Corp., but Cotton Belt would have operated it as an eastward extension of its Tucumcari (N.Mex.)-Kansas City Golden State Route. When SP obtained the BN trackage rights as an alternative, though, SPCSCL became SP's Kansas City-Chicago entity. This was done to take advantage of the two-person crew assignments and flexible work rules permitted under the CM&W labor agreement that SPCSCL had inherited. Daily trains were put on between Armourdale Yard in Kansas City and Clearing Yard in Chicago in November 1990.

The Brotherhood of Locomotive Engineers objected to SPCSCL's planned establishment of a crew-change point at West Quincy, Mo., however, so SP was forced to crew the K.C.-Chicago trains out of Bloomington until the dispute was settled in August 1991. SPCSCL would call crews at Bloomington and taxi them to Bushnell, Ill., on BN, 95 miles west, where they would board the trains and run to Chicago or K.C.

As with Chicago-St. Louis, it took SP some time to develop Chicago-K.C. traffic, but in a year the diminutive

five-car consists seen during the early days had grown into three regular daily trains in each direction. In March 1991, SP added double-stack trains to the mix, and by mid-1992 the BN route had four or five SP trains each way daily.

On January 15, 1991, SP opened a second Chicago intermodal terminal, moving into the former B&O facility at Forest Hill on Chicago's South Side, which CSX had vacated for Bedford Park. During 1991, SPCSL also obtained rights to Clearing over the IHB-B&OCT from GM&O Junction, and over IHB to Oakley Avenue between Argo and Elsdon. This established a direct connection with Conrail.

Meanwhile, SP restored service to Illinois Central's IMX ramp in connection with a new truck-rail venture with Green Bay (Wis.)-based motor carrier Schneider National. On November 1, SP added a Chicago-Los Angeles intermodal train, departing nightly from IMX on a 70-hour schedule primarily with Schneider business. In May 1992, SP said it would lease IMX from IC until 1993 and purchase it in 1995.

The only notable loss of traffic during SPCSL's first two years occurred in September 1990, when the North Western grabbed the contract for the Granite City-Portage unit steel trains. This was offset in 1991 when SP and BN bested IC for triweekly solid iron-ore trains from Chicago to Birmingham, Ala. The ore came from Upper Michigan over C&NW and Fox River Valley and was routed Blue Island-Joliet on SPCSL's Metra rights. But SPCSL lost this traffic to CSX in 1992.

An unremarked joint line

When it purchased the old Alton mainline, SPCSL kept the CM&W dispatchers' office in downtown Springfield and assumed operating control of most of the 35 miles of joint SPCSL-Gateway Western track between Godfrey and East St. Louis. This was in line with understandings reached with Wertheim and Murray during CM&W's last days.

The joint line is a complex property owned by several companies. Between Godfrey and Wann, site of a manned interlocking cabin at East Alton, SPCSL and GWWR share ownership of the single track. This is dispatched by SPCSL from Springfield. Between Wann and WR Tower in Granite City, SPCSL and GWWR share ownership of one of the two tracks. The other is owned by Conrail, a legacy of long-gone days when New York Central's Big Four first entered the St. Louis area this way. Burlington's abandoned Beardstown-East St. Louis route also used this south of Wann. Conrail controls the dispatching on this block-signalized segment and still runs a daily local up to the Wood River area.

Between WR Tower and Valley Junction, SPCSL dispatches the trains under Direct Traffic Control, granting authority to occupy blocks by radio. Over the short distance between Q Tower in East St. Louis and Valley Junction, SPCSL and Gateway Western each control a track, and some trackage is owned by TRRA. GWWR switches joint-line customers from Granite City south, and SPCSL switches them to the north and on the Alton Branch.

In September 1991, SPCSL gained a second route into the East St. Louis terminal area by obtaining trackage rights over the A&S from Mitchell, Ill. (Lenox Tower), to Valley Junction. Access between the joint line and A&S at Lenox, which is between Wann and Granite City, requires a backup move.

Ron Batory, formerly an operating

officer on Grand Trunk Western who served as vice president and general manager of Chicago, Missouri & Western during its bankruptcy, now is general manager of Southern Pacific's newly formed Midwest Region. Headquartered in Lisle, Ill., a Chicago suburb, this region includes the St. Louis Southwestern (Cotton Belt) as well as SPCSL. Batory believes that the rehabilitation of the SPCSL route should enhance Southern Pacific's ability to compete for emerging flows of north-south traffic between Canada, the U.S., and Mexico as trade barriers within North America fall. **I**

NEXT MONTH: Gateway Western gets Santa Fe into St. Louis at last. Join us as the Chicago, Missouri & Western story concludes in November TRAINS.



Steve Smedley.

BLOOMINGTON yard, an Alton/GM&O/ICG hub, withered under CM&W, revived under SP.