

# DANVILLE FLYER

A PUBLICATION OF THE DANVILLE JUNCTION CHAPTER, NRHS

The DANVILLE FLYER is published monthly by the DANVILLE JUNCTION CHAPTER of the NATIONAL RAILWAY HISTORICAL SOCIETY for its members and other interested persons.

The DANVILLE JUNCTION CHAPTER, NRHS, is a not-for-profit corporation organized to preserve the history of railroading in Eastern Illinois and Western Indiana and operates a museum located in the former Chicago and Eastern Illinois Railroad depot on East Benton Street in Rossville, Illinois. The museum features many railroad displays plus a operating HO model railroad.

Membership in the Chapter is open to anyone having an interest in any aspect of railroading. Dues per year are \$10.00 for Chapter membership in addition to \$14.00 for NRHS membership. Meetings are held on the third (3rd) Thursday of each month (except July and August) at the Tilton Grade School, "H" and Fifth St, Tilton, IL. Meetings begin at 7:30 PM Central Time.

## OFFICERS FOR 1992

Our 24th Year

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Cooke Business Forms, Inc.

MEMBER: Illinois State Historical Society  
Congress of Illinois Historical Societies and Museums

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## COMING EVENTS

### January 16, 1992

Regular monthly meeting at Tilton Grade School, Tilton, IL beginning at 7:30 PM

### February 15, 1992

LGB Day at Lincoln Square Mall, Urbana, IL. LGB show only with 150x25 foot layout.

### March 1, 1992

Third Annual Train Show, Terre Haute, IN, Maple Ave. National Guard Armory, 11-4

### March 28/29, 1992

Annual Model Railroad Show and Swap Meet, Lincoln Square Mall in Urbana, IL.

### April 4, 1992

Model RR Show and Sale, Muray Shrine, 510 N. New Jersey, Indianapolis, IN 10-5.

### April 25, 1992

C&EI / ICHS Joint meeting at Tuscola, IL along with swap meet.

### April 25, 1992

Illinois Traction Society annual meeting, Chancellor Hotel, Champaign, IL.

## NEXT MEETING

The February meeting will be held at the Tilton Grade School beginning at 7:30 PM. The grade school is located at the only stoplight in Tilton, the corner of Fifth and "H" Streets. Rick Schroeder will present the February program (weather and work permitting) on his recent trip to the short lines of the south. Also included will be the construction of trackwork at Alton and the replacement of the Norfolk Southern bridge at Danville.

We have a new member. Ken Strain, 300 N. "F" Street, Tilton, IL is our newest member. Ken belonged several years back and we welcome him back to the Chapter. We also have a couple of address



changes. **Doug Nipper** has moved to RR 6, Box 456 in Danville and has a new phone listing of 443-1477. **Marion Hazlett** has moved to 503 Willow Brook Drive, Hot Springs, AK.

Notes from the January meeting: The membership voted to raise the annual Chapter dues from \$10.00 to \$12.00 per year effective with the 1993 dues. We have held the line as long as possible and find that we must increase to keep up with costs.

As you have already noticed ( I hope) the quality of the publication has increased this month. The addition of a laser printer has greatly enhanced the quality. Also, the new copy machine that Cooke Business Forms recently obtained has added to the quality increase. Without Cooke Business Forms, and of course member Allen Cooke, we would not be publishing the newsletter as you see it today. Therefore, at the last meeting Cooke Business Forms, Inc. was named a honorary Corporate Sponsor of the Chapter and John Cooke, Sr., president of the company, was named an honorary member of the museum. We are very appreciative of the support that the company, and John Cooke in particular, has given us.

**REMEMBER, 1992 DUES ARE DUE NOW.**



## **WHEEL REPORT**

The **GREAT MIAMI** has purchased ex-NS 2902, (ex-NKP 902). The GP-30 has been repainted in the new Great Miami color scheme which is black and wine red with gold striping and lettering. The engine is No. 30 and will be used by

the Central Railroad of Indiana until the unit is shipped to Hamilton in the spring. Via Cincinnati Chapter.

**NORFOLK SOUTHERN STEAM** will be used in Chicago again in 1992. The Chicago Chapter is requesting the locomotive No. 611 for June 13 - 14 for an overnight trip to Ft. Wayne, Indiana and the Germanfest. The committee for Germanfest is working with the chapter for the trip.

During this year N&W #1218 will undergo extensive repairs. This will take the locomotive out of service until the spring or summer of 1993, just in time for the Chicago convention.

In 1992 NS will be cutting back on the number of trips the train will be making. Also, NS is rebuilding most of their cars and converting everything to HEP service. They will not use as many lease cars as in the past and all equipment will be in first class shape, similar to the UP equipment.

**ILLINOIS CENTRAL** is making progress on interlocking's at Gibson City and Tolono. Signal gangs have been working at both locations in preparation of making these locations automatic. Plans call for the changeover to take place in the next couple of months.

Perhaps you have been seeing Conrail power on the IC. The coal train to the Northern Indiana Public Service plant at Wheatland, Indiana has been using Conrail SD-40's of late. Since the cab signals have been removed on the IC other road power can be used.

**THE WISCONSIN CENTRAL** has applied to purchase the Green Bay and Western and the Fox River Valley from ITEL. As you may know, ITEL has been in financial difficulty for some time and has been unloading portions of their business. The Danville car shop was closed last year and we hear rumors that it may open this spring

under new owners. Now ITEL is looking at selling off the two railroads in Wisconsin. Wisconsin Central has been aggressive in marketing and picking up portions of other rail lines in the state, especially some from SOO and C&NW.

**NORFOLK SOUTHERN** has reported that it will begin an intermodal service to customers north and west of Chicago and south and east of Atlanta. The intermodal service involves the shipment of truck trailers on rail cars, providing a combination of long-haul savings with the flexibility of truck delivery.

The new service will involve use of the railway's flatcars and North American Van Line trailers in the long-distance haul. NS and North American are considering offering similar services in high-volume corridors elsewhere in its 20-state service area.

**CONRAIL** has completed the sale of the 81 mile line from Shelbyville, IN to Cincinnati to the Central Railroad of Indiana. Service will begin soon. Another Conrail line has been sold to Rail-Tex from Indianapolis to Evansville, Indiana. The Indiana Southern Railroad will begin operation soon over the 165 mile line. The line supports 39,000 cars a year and includes a couple of power plants that use coal.

There is no word yet on the Danville lines. Rail-Tex was on the site last year but Conrail wants to sell as an entire package and the company is interested in only a portion. The Danville to Rising segment and the business to Olin and General Motors is wanted, but the rest is below profit. With Conrail stating it must go as a package the sale will be difficult.

**A STACK TRAIN** is being delivered to Watseka (Coaler) by the TP&W several times a week. The train arrives a few hours prior to CSX R123 for pickup. The TP&W takes the train onto UP trackage at Watseka and delivers the cars to

West Coaler siding for CSX. This is a hot move off the ATSF and will probably continue until the connection is made in E. St. Louis between CSX and the Gateway Western.

## **CSX BEGINS INTEGRATING RF&P RAIL OPERATIONS**

CSX Corp. is taking the first formal steps to integrate its rail operations with those of the Richmond, Fredericksburg and Potomac Railway Co.

Thomas P. Schmidt, the CSX officer overseeing the merger of RF&P and CSX operations, started the process Tuesday by posting notices concerning CSX's plans at the Richmond railroad company.

The notices showed that CSX wants to extend the distance RF&P train crews travel during a workday as well as reduce operations at Fulton freight yard, which is operated by CSX in Richmond, and consolidate some of its functions with RF&P's Acca Yard here.

Federal labor law requires the posting of notices on both actions. The posting's signal the start of a 90-day period during which union and management will negotiate the actions' effects on unionized RF&P workers, said Schmidt, who is president of RF&P Railway and CSX assistant vice president for operating systems.

In both cases, talks will be held with the Brotherhood of Locomotive Engineers and the United Transportation Union, which represents engineers and crews, respectively. Meetings are being schedule.

Until this fall, RF&P owned a 113-mile railway between Richmond and Alexandria, as well as extensive land holdings in Northern Virginia. A takeover deal completed this fall allowed for the division of the

company's assets. CSX got the railway and the state pension fund, Virginia Retirement System, got the real estate.

By owning RF&P, CSX fills a gap in its line that enables the Richmond-based transportation giant to move freight trains faster, move efficiently and with greater flexibility.

The two actions taken this week indicate that CSX is looking for ways to achieve those goals. Schmidt said in an interview that the move to extend the distance traveled by RF&P train crews reflects a push for speed of delivery, flexibility and economy.

Currently, RF&P crews regularly make the Richmond-to-Potomac Yard run. Potomac Yard marked the northern most RF&P boundary in pre-merger days.

CSX wants to be able to send RF&P crews beyond Potomac Yard to any of three other freight complexes further north - Baltimore, Philadelphia or Brunswick, Md.

Schmidt offered several reasons for CSX's desires:

- \* Moving freight to sites further north without changing crews at Potomac Yard will expedite shipments.

- \* Federal law now provides that trains crews receive a day's pay for every 114 miles they travel. Recent agreements will allow that distance to expand in increments to 132 miles by 1994.

- \* Potomac Yard no longer constitutes a major RF&P operation because its role as a freight yard has all but disappeared in recent years. With the pension fund's plans to develop it as a real estate venture. Potomac Yard's role as a freight operation will disappear totally.

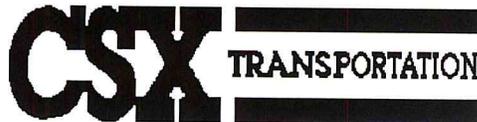
Schmidt thinks the changes in train runs will not cost RF&P employees any jobs, though the changes will mean a rearranging of work.

Before the merger, freight handled by CSX and RF&P might have been handled three times here as it moved through Fulton, Acca and Brown Street yards. CSX already has consolidated the Brown Street operations at Fulton, but traffic still could be handled twice here.

CSX now wants to consolidate Fulton and Acca yards. This arrangement means that a freight car would be handled only once here, allowing for faster transit.

Again, Schmidt does not think that the Fulton-to-Acca switch will create a big net change in jobs for RF&P workers.

*Via Richmond Times-Dispatch*



## **CSX INTERMODAL LOOKS TO KEEP UP WITH NS BY CUTTING TRANSIT TIMES**

CSX Intermodal has moved to keep pace with a main competitor by shaving a day off transit time for shippers moving freight from New Orleans to Cincinnati and Detroit.

Shippers now can pick up their freight on the third morning in Cincinnati and the fourth morning in Detroit, said officials with the Hunt Valley, Md.-based intermodal company.

The move allows CSXI to keep pace with Norfolk Southern Corp., which offers shippers the same transit times from New Orleans to Cincinnati

and Detroit on conventional Intermodal service, said Charles C. Morris, NS district sales manager in the Crescent City.

Some shippers support the availability of options. "If we're pressed for time, we have another alternative," noted Dee Taylor, sales representative for Alliance Shippers Inc., a New Orleans based intermodal third party.

"It is quite an improvement over what they (CSXI) had and it will help them out in the long run," said Kent Bohlman, operations manager for Hub City New Orleans Terminals Inc., in Kenner, La.

Yet some industry observers pointed out that CSXI had no choice but to respond to the dictates of the marketplace.

"They (CSXI) don't want to lose any more freight to Norfolk Southern," said Ruth Barrows, terminal manager for PTL Intermodal Inc. in Cincinnati.

An executive for a Midwestern-based shippers' agent greeted the change with muted skepticism.

"Judging from the distances and the delivery times, this really doesn't excite me," he said, "But I'd really have to look at this (transit time change) lane by lane to see what effect it has on our business."

The service adjustment allows CSXI to serve shippers of foodstuffs, chemicals, auto parts and consumer products more effectively, said Patrick McManamon, CSXI's director, international pricing.

CSXI can extend its door-to-door direct service from Detroit into Ontario through its drayage subsidiary, CMX Trucking of Mount Laurel, N.J.

*Via The Journal of Commerce*



## HISTORICAL SOCIETY MEETINGS

Two railroad historical society's will hold their annual meetings on April 25, 1992

The **Chicago and Eastern Illinois Historical Society**, in partnership with the **Illinois Central Historical Society**, will have their annual meeting in Tuscola, Illinois. A swap meet will be held at the Tuscola Community Center located on the north side of the Union Pacific tracks in downtown Tuscola. That evening there will be an annual dinner for the membership.

The **Illinois Traction Society** will hold their annual meeting in the Chancellor Hotel Convention Center in Champaign. The hotel is located on South Neil. The convention is being hosted by Paul M. Somers of Champaign. He is the registrar for the meeting and information about the meet can be obtained from Paul at 511 West White Street, Champaign, IL 61820-4793

## HEALTHY MEALS ON AMTRAK? YOU BET!

To answer passengers' growing concerns about nutrition, Passenger Services has changed its system wide menu for cafe-lounge and dining car services. The new menu which went into effect Nov. 13,



features high-fiber, reduced calorie meals that are lower in fat, sodium and cholesterol. Highlights of the lunch menu include: individual gourmet pizza, sliced chicken breast sandwich, fruit and cottage cheese

salad and Baskin-Robbins ice cream. A new line of low sodium, low fat and low cholesterol snacks has been introduced in the lounge car, including Tropicana and other Very Fine juices. Some food prices have been increased, and some items were discontinued because of poor sales.

Along with these changes, three reduced sodium and cholesterol pre-plated entrees have been developed for passengers requesting special meals 72 hours before their trip. Passenger Services plans to expand the Chef's Special and seafood selections, which are part of the dinner menu.

*Via Dayton Railway Historical Society*

## FOOD FOR THOUGHT

In the August 1991 issue of "TRAINS" magazine there was an excellent article about the 25 years of the Southern Steam program. In the "Second Section" of the magazine, Norfolk Southern's Manager of Steam Operations Carl Jensen points out that the 611 will soon join that exclusive club of steam engines that have been in excursion service longer than they were in regular service. Up till now, only Union Pacific's 844 belonged to that club. That got me to thinking and I realized that the 765 will be the next member to join that exclusive club. And, in a few years, the 765 will become a charter member in a "new" club.

The 765 was built in August of 1944 and was retired by the Nickel Plate in 1958 after 14 years of operation. We began operating the engine in excursion service in 1979, so 1991 marks our 13th year of excursion operations. In 1993 we will "Join the club" with 844 and 611 when we begin our 15th year of excursion operations with the engine.

The "new" club I referred to is that of locomotive ownership. The Nickel Plate actually owned the locomotive from 1944 until 1963, when they gave it to the City of Fort Wayne. Thus they owned it for a total of 19 years. We took possession of the locomotive in 1974, so in 1994 we will have owned the engine longer than the Nickel Plate did! 1994 will also mark the engine's 50th birthday, so we're planning on doing something special that year to commemorate the occasion.

*Via Rich Melvin, Short Lines, Newsletter of the Fort Wayne Railroad Historical Society*

## RICK AND ROY ON THE ROAD

*By Roy Scrivner*

Its been two years since Rick Schroeder and Roy Scrivner have taken their annual Christmas time trip. Last year work prevented Rick from going. Areas to be covered this year were the many new shortlines starting in Georgia along with other selected subjects in Alabama and Mississippi.

We left about 10 PM out of Central Illinois with plans to hit Corinth, MS by daybreak. The weather forecast was for clouds and then rain but the two railfans decided to try anyway. Action on the trip south included only scanner conversations as the darkness prevented seeing what was happening. Fulton, Ky was busy with IC and south of there to Jackson we heard NS now operating the former IC line.



Our arrival in Corinth was about 2 hours before light and we stopped for breakfast. We found the Corinth and Counce before daylight and after the employees arrived at 7 AM

found that the power was already north and the plant at Counce, TN. We decided not to venture north but went back to downtown and caught 7 Midsouth units along with a Gulf and Mississippi caboose of IC heritage. While photographing the units NS had a eastbound go through town with 3 UP units.

We then headed for Amroy, MS and the Mississippian Railroad. We found their #321 now stored and ex-BN SW-9 #261 providing the power for the road. The BN was active with GP-30 #2811 leaving town on the local. We missed an inbound train and two eastbounds were on the way; however, time was wasting.

The next stop was Columbus, MS and the Columbus and Greenville. As usual the railroad personnel were very friendly. After signing the release we visited with one of their marketing men and received a calendar and other C&G material. At the diesel house were the CF-7's that we had seen in past years. Two GP-9 's were operating and in C&G paint. We then headed south to find the Golden Triangle Railroad in the back-roads south of Columbus. We finally found the plant, however, the motive power is inside and reports from C&G personnel indicated they come up around 1-3 PM each day, much to long to wait. We had hoped to catch their GP-38's that had come from their sister railroad, the Chehalis Western.

South of Columbus we hit rain, and the closer we got to Meridian the harder it got. The Meridian and Bigbee had one in the building and one in storage, however, the hard rain prevented us from photographing. At the Midsouth #9002, 9003, 1002, 1006 and 1007 were in the yard, however, again the rain foiled our plans for photography. We decided to head off east with plans for the next day.

The following morning dawned cloudy, foggy and with drizzle, a

great day to start off. We arrived at Opp, AL and found the Alabama and Florida units next to the depot.



A crew had just arrived and were leaving to go north, by van, to pick up two more at the end of the

line. #1214 and 6076 were photographed, using tripod which would become the standard of the trip, and we were off. At Enterprise we looked for the Wiregrass Central Railroad. We found the depot and then a policeman who, after telling him what we were trying to find, took us to the point where the units were stored. First time we ever had a police escort. On the ready track were Wiregrass #3832 and 3872 along with Atlantic and Gulf 110.



On to Dothan, AL to see what was available. No motive power was found for the Hartford and Slocomb, NS, CSX or the Atlanta and St. Andrews Bay. We then headed across the state line to the Chattahoochee Industrial at Saffold, GA. After receiving permission to photograph the units we found #1830 with slug #89, SW-1500's #1505 and 1500, Alco RS-1's #1111 and #3 in storage and #38 in the building. The ex-C&EI unit is gone. From there we went east to Brainbridge the south end of the Georgia Southwestern. The unfriendly CSX agent at the crossing told us the units would be about 20 miles north. We decided to head north and much to our surprise found #2160 and 2176 2 miles out of town waiting to deliver about 15 cars.

Off and across country to Albany, GA and the Atlantic and Gulf. They have taken over the ex CSX yard on the east side of town and store their power out in the open. The



new yard office (built by CSX or predecessor) was open and one crew member was inside. He allowed us to photograph the motive power and gave us information on scanner frequencies (160.500 and 161.190). Outside was A&G #121, ex IC 8090 and 8104 still in black, ex-IC 7720 in new paint and Georgia #1026.



We headed northwest toward Dawson, GA and the Georgia Great

Southern. It began to drizzle and by the time we reached the railroad it had become heavy. Georgia and Alabama #2078 and 2077 were joined by GGS #2130. At Americus, GA we found Georgia Southwestern #2127 sitting on the engine track while the Carolina and Piedmont #20 and a ex- B&O GP-9 #6432 were in storage north of the yard. We arrived at Ft. Valley, GA by night fall and found the Ogeechee Railway unit sitting south of the ex-NS depot. We decided to go on the interstate to get a motel since none was available in town and come back in the next morning to shoot #102.

In the morning, after getting the #102, we headed to Macon and had hopes of finding the Georgia Central. After finding two railfans at the NS yard we found out that they had left about 30 minutes earlier for Vidalia, GA. We were beginning to run short of time and decided, since early in the morning, not to stop in Atlanta but go north to the Georgia Northwestern. Upon arrival at Tate, GA we found #8705 in the drizzle. After getting the pictures we wanted we headed down to Marble

Hill following a steep line down the valley (part of the line includes a switch back). At Marble Hill we found Georgia Marble #81 in the plant



and were allowed to photograph it, so the 6 mile trip was not wasted.

Thence west to the interstate and over the mountains to S. Pittsburg, TN and the Sequatchie Valley Railroad. We found several units in various states of dis-repair. WP #706 and SBD GP-30 #4059 were new additions. ITC #1201, now SQVR #1688 and ITC #1210, now SQVR #1488 were still in ITC paint. Milwaukee F unit #60 has some repainting, but still in poor condition. Ex-N&W SD-35 #1534 was still black and the other power in use was Walking Horse and Eastern #1186 and Columbia and Silver Creek #9424.

On north we stopped at Shelbyville, TN and found Walking Horse and Eastern #1585 sitting on track that looked like it was ready to spread under the weight of the engine. We spent the night in Lebanon, TN.

The Nashville and Eastern had only two units in town, #2525 dead and #5338, ex-CSX. The MofW crew told us that the units were in Nashville and we headed out to find them before they went up the branch. At the yard in Nashville we found #5340 ready to take the local up to the DuPont plant on Old Hickory Blvd. We were told that the other power had gone out the night before to the east end of the line. In downtown Nashville we photographed the new Broadway Dinner Train with E-unit #5764. On the northwest side of the downtown we found McCormick, Ashland City and Nashville RR #100 (ex-N&AC #001) sitting at the ex-IC freight house.

Up to Guthrie, KY we found the R.J. Corman Railroad at the crossing of the line with CSX. A new engine house has been built where the line used to cross CSX as the trains now use the wye and CSX track to get from one side to the other. The locomotive mechanic was originally from Danville and had worked for CSX for 12 years. He moved the

#3501, an ex NS GP-30 outside for us. We were given a time table and beautiful calendar and told the other power was north at Russellville. We headed north, and of course missed two units heading for Guthrie. We went north toward Bowling Green and found the #9009 leading a train back from CSX and stopping at the R.J. Corman Distribution Center near South Union, KY. Unit #9006 was sitting near the wye track into the center.

This ended our trip and we headed back to Central Illinois, still in clouds and drizzle, just as we started the trip. In all, the 2000 mile plus trip was a good one.

## NEW CROSSING SIGN BEING TESTED IN KANSAS

The degree of motorist reaction to a newly designed passive grade crossing warning sign being tested in Kansas for six months may result in the most dramatic changes in grade crossing marking in more than a century, according to the Kansas Operation Lifesaver program Sunflower State Signal.

Kansas State University civil engineers, headed by Dr. Eugene R. Russell and assisted by Richard A. Mather, a crossing signal specialist for the Oregon Public Utility Commission, are conducting the test with the new signs, which were installed at crossings on the Santa Fe, Burlington Northern, Union Pacific and Kyle railroads.

The alternation, which came out of a Conrail program, consists of a vertical "Yield" sign and two silver, red and white wings, angled at 45 degrees, on either side. Mounted below the regular Railroad Crossing "X" of the crossbuck sign and in line with normal motorist's eye-level, the angled effect causes both train and vehicle headlights to be

reflected, thus giving a lighted sensation to an oncoming motorist.

The devices should prove effective in preventing vehicles from being driven into the sides of trains at night. Train car intervals permit a back flicker from the sign on the side of the track opposite the approaching highway vehicle, thus giving a "flashing" effect from the car or truck's reflected headlights.

The Federal Railroad Administration is backing the study. Results will be reviewed by the railroad subcommittee of the National Committee on Uniform Traffic Control Devices, which advises and makes traffic sign change recommendations to the Federal Highway Administration.

*Via Progressive Railroading.*

## **ILLINOIS HIGH-SPEED RAIL BOTH POSSIBLE, VIABLE, GROUP TOLD**

Supporters of high-speed rail technology said Saturday that trains capable of 150 miles per hour or more could become a reality in Illinois.

Speakers at the annual winter meeting of the Illinois Association of Railroad Passengers were unanimous in praising high-speed trains as environmentally benign, energy-efficient and the best means of unclogging the nation's transportation arteries.

Association President Ken Bird contended that a Chicago-based high-speed rail system would cost less than a proposed third Chicago airport and would do little or no environmental damage.

"Chicago, the railroad capital of the nation, has been a follower, not a leader, in the use of high-speed trains, but I think that's about to change," said Joseph Vranich, a

former transportation executive who is author of the recent book "super-trains."

Vranich suggested adapting strategic sections of Amtrak track between Chicago and such cities as Detroit, St. Louis and Minneapolis for use by electric trains such as the French-designed TGV.

The first TGV, which stands for Traine Grand Vitesse, went into service a few years ago between Paris and Lyon, France. A newer model, the TGV Atlantique, has a cruising speed of 186 mph, and has hit more than 300 mph on the straightaway, engineers said. The TGV runs on a special reinforced concrete roadbed with close-set concrete ties, but is said to be capable of 136 mph on regular track.

"I have to be pleased that electric trains are not just for boys anymore," said Jules Pleau, manager of TGV projects for Bombardier Inc., which has the North American rights to TGV technology.

Pleau, whose company is based in Valcourt, Quebec, said he saw economic benefits in the new trains - both in their improvement of transportation and the effect they might have in providing jobs for U.S. and Canadian workers.

*Via The Champaign News Gazette, Sunday January 26, 1992*

## **SCHNEIDER NATIONAL ATTRACTED TO DOUBLE STACK RAIL SERVICE**

Schneider National Inc., the nation's largest truckload motor carrier, is beginning to shift some of its freight to double stack containers on rail cars, according to an article in Transport Topics, published by the

American Trucking Association. Schneider is moving freight by rail to the West Coast from several locations in the Southeast as well as from the Chicago area.

The major reason for the shift in price, Donald J. Schneider, president of the trucking firm, told the newspaper. On a typical trip between Chicago and Los Angeles, the savings can reach \$400 a load, he said.

"The railroads are changing their attitude about customer service," he said. "The fact is, there are certain lanes where (putting freight on the railroad) can be another value-added service to our customers."

Mr. Schneider said the service is "working well" and has moved "beyond the experimental stages."

The trucking official said that so far his firm has been working mostly with Southern Pacific, but that he hopes to soon work out a similar arrangement with Burlington Northern.

*Via Rail News Update*

## **CSX TO ACQUIRE KENTUCKY COAL LINE**

CSX Transportation is seeking Interstate Commerce Commission approval to acquire control of the Transkentucky Transportation Railroad.

Transkentucky Transportation is a Class III railroad that operates a 49.6 mile rail line between Paris and Maysville, Kentucky. It transported about 4.2 million tons of coal in 1990, all of which originated at CSX served origins in Eastern Kentucky, to a rail-to-barge transloading facility located along the Ohio River at Maysville, Ky.

CSX said it intends to pay \$3 million cash for all the company's stock.

Corporate cash reserves will be used for the transaction and neither CSX nor any affiliates will issue securities or incur debt to finance the purchase price.

CSX said it decided to acquire Transkentucky after its present owner, Transco Energy Co., decided to dispose of its coal-related businesses and focus on its natural gas holdings.

Among the reasons CSX gave for acquiring the Transkentucky is the possible construction of a coal-blending facility on CSX's Russell-Cincinnati line adjacent to the Ohio River.

"Although CSX has no current plans to develop the site for this purpose, such a project might become economically feasible in the future, particularly in response to changes in utility coal procurement practices stemming from the recent amendments to the Clean Air Act," CSX told the commission.

The transaction will increase joint-marketing possibilities, CSX told the commission, and may reduce costs due to consolidating billing, accounting and other administrative services.

Competition will not be affected by the transaction CSX said, since all of Transkentucky's traffic comes from mines served by CSX.

"CSX and Transkentucky thus are partners, not competitors, in the provisions of this service," CSX told the commission.

CSX conceded that it handled about 27 percent of the coal traffic originating in this region during 1990, but pointed out that other carriers transported the remainder.

This shows that transportation alternatives are available to ensure that rates will not be raised to unduly high levels, CSX said.

"The demonstrated ability of shippers and receivers to satisfy their coal requirements from eastern Kentucky and West Virginia sources served by competing modes and carriers has effectively restrained the rates that CSX and Transkentucky charge to their shippers of river coal," CSX told the commission.

*Via Daily Traffic World*



Runaway trains

## **GENERAL ELECTRIC RAILCAR BUSINESS PLANS EXPANSION**

General Electric Co.'s big railcar leasing operation said it plans to more than double its size by leasing most of Itel Corp.'s railcar fleet.

The unique transaction gives Itel, which is 26% owned by its chairman investor Sam Zell, a chance to refinance expensive older debt with cheaper new obligations. And making use of General Electric's stronger debt rating will additionally help Itel to get a lower interest rate than it could get on its own.

The transaction is contingent upon Itel's making a public debt offering, perhaps as large as \$1.1 billion, with principal and interest to be provided by the proceeds of GE's

lease payments. Itel shareholders must approve the deal.

The transaction "provides a lot of flexibility for Itel and for us," a spokeswoman for Chicago-based GE Capital Railcar Services said. Itel is also based in Chicago.

If completed, the arrangement will boost GE Capital's owned and managed fleet to about 140,000 railcars from more than 68,000 railcars. It also operates 10 repair facilities and six wheel remanufacturing shops. GE Capital said its fleet would be "the most diverse and youngest fleet in the industry."

The transaction is a 12-year lease with a fixed price purchase option, effectively combining the railcar operations of the two companies. Rod Dammeyer, Itel's president, said proceeds "will be used to reduce existing higher cost debt on both the rail car fleet and other debt of Itel Corp., as well as for general corporate purposes."

Slightly more than a year ago, it sold GE Capital its container-leasing assets for about \$950 million, recording a hefty gain on the deal. The company has also sold its 21% stake in American President Cos. for \$78.7 million, booking a loss. Also in 1991, it sold its Great Lakes Dredge & Dock unit to a limited partnership for about \$165 million. And in October, it sold its 15% stake in Santa Fe Pacific Corp, through a public offering. And on its books, Itel lists the merchant-banking portfolio of Signal Capital Corp., with a book value of about \$365 million, as an "asset for sale."

An Itel spokeswoman stressed that the move announced Tuesday isn't part of that asset-disposition effort. "The assets remain on our books," she said, "This is not a sale, strictly a lease" agreement.

GE's unit leases a wide variety of railcars such as tankers, hopper cars and box cars for periods from six months to five years. As with

other equipment leasing arrangements, leasing permits shippers to reduce capital investment costs, handle extra demand in peak periods, and permit different debt structures.

GE Capital lists its railcar assets at \$1.4 billion; the fleet has grown from 38,000 in 1986 to 68,800 at the end of 1990. The company considers that it has ranked second among independent companies in the railcar leasing industry behind IteL.

The largest railroad leasing operation, Chicago-based TTX Co., a consortium owned by major railroads, has a fleet of 100,000 cars, most of them flat cars for containers and for hauling new automobiles. There's little overlap with its fleet and the GE/IteL fleet, noted Ray Burton, president of TTX.

*Via The Wall Street Journal, January 2, 1992.*

**Gateway Western #2041 and 2032** lead train SLSL, the local, past the B&O style signal at Godfery, IL in September with 30 cars of ballast. R. Schroeder

## RAIL-TRUCK SERVICE BETWEEN CHICAGO, ATLANTA

Combining the services of its trucking and rail subsidiaries, Norfolk Southern says it will soon begin a new door-to-door intermodal service to customers north and west of Chicago and south and east of Atlanta.

Thomas L. Finkbiner, assistant vice president international and intermodal marketing, said NS's Triple Crown Services would coordinate the use of rail flatcars for North American Van Line trailers in the long-distance haul. "Freight in this service," Mr. Finkbiner said, "will provide the things a customer looks for in transportation: speed, reliability, convenience and price."

Drayage between customer and terminal would be included in the pricing package, he added.

North American's commercial transport division will retail the movement as a substituted service or carrier convenience option.

*Via Rail News Update*

**Espee Lease Fleet Roster** The following is a roster of lease units on the property as of Dec 20'91. (There are some other units that are listed on SP's computer as being leased to SP, but have either not shown up yet or have already been sent home.)

General Electric Leasing:  
**B36-7:** ATSF 7486 7488 7490 7495 7498  
**C30-7:** ATSF 8032 8053 8131 8133  
**S7-30C:** GECX/GELX 3000 3002-3006 3009  
**B40-8:** GECX/GELX 8002

Chicago & Illinois Midland:  
**SD38-2:** CIM 70-75 [non-dynamic]

Conrail:  
**GP40:** CR 3051 3171 3197 3210  
**SD40:** CR 6257 6311 6338 6347 6356

Electro Motive Division:  
**GP60:** EMD 5 7  
**GP40:** EMD 184-185 187-190 192 194-197  
**GP38-2:** EMD 740 750 754-755 768 773 788 794 796 801  
 803 814 825 830 832 836-837  
**SD40:** EMD 6307 6309-6312 6345-6348 6382

GATX Leasing:  
**SD40-2:** GATX 7349-7358 7374-7375 7378

Grand Trunk Western: (GP38, GP38AC, GP38-2)  
**GP38\_:** GTW 5708 5725 5812 6212 6221

Helm Leasing:  
**GP40:** HL 301

Illinois Central:  
**GP10:** IC 8021 8217 8274 8292 8313-8314 8321 8331

Morrison-Knudsen:  
**GP40:** MK 781 (ex-KCS 781, nee CR ???; accident damage at Pueblo CO Dec 11'91)

National Railway Equipment Leasing:  
**SD40:** NREC 6338

VMV Leasing:  
**SD40:** VMV 8301 8358 8363  
**SD45:** VMV 8905 8918 8925 8941

Wisconsin Central:  
**SD45:** WC 1718 1724 1744-1746 6417 6655 6660 6690  
 9093 (9093 is ex-SP 9093)  
**SD40:** WC 3034 3048-3049 3067 3073 3102 (Oxford Leasing units, ex-MR, blue paint.)

### FLIMSIES #126

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Visit the Vermilion County Museum during February and March and see the Railroad Display upstairs. The Chapter has provided much of the display material. It has been many years since we have been featured in the museum.

The Vermilion County Museum is located on Gilbert Street, 2 blocks north of Main Street. The museum is open week-ends.