

Bulletin



THE SOUTHERN PACIFIC STORY

SP's proud history includes running some of the nation's finest passenger trains — such as the Daylight, shown at the Santa Barbara, Calif., station. The company's climb through depression and war to the pinnacle of American railroading is chronicled as we conclude the SP story.



Dear SP Employee:

This will be my last letter to you in this, the last SP Bulletin. Our working time prior to the merger with Union Pacific has been short – but the impressions I have formed of you will be lasting.

First of all, I'd like to thank each and every one of you, not only for your performance throughout your SP careers but particularly over the past year. I know it has been an unsettling time. It's difficult to stay focused on improving service and doing a better job when there is a merger going on. That's just impossible to ignore.

But you have stayed focused and I'm very proud of you for that. The reason you did so is because – obviously – you have a lot of pride in this great old company, and in your own work ethic. I want you to know that I appreciate that. Again, for myself and on behalf of all our shareholders, thank you.

According to the merger plan, most of you should get the opportunity to work for the new company. If you choose to do so, I can testify that it will be UP's good fortune.

It also would bode well for your own futures, because UP is a solid, well-financed organization that now has, with the addition of SP's system, an excellent position in the railroad industry. It now has the strength to really compete with Burlington Northern Santa Fe.

Our merged system will offer the shipping public the most direct and fastest rail service we've ever been able to offer. It opens up a whole new world of business opportunities, including those from customers who may never have thought about using rail service. The prospects are indeed very exciting.

The future of railroading itself is also exciting. New technologies, such as the AC locomotives and electronic pneumatic braking, better communications, and the growing use of computers, all should help railroads become a lot more efficient and safer.

So all in all, I think, the outlook for the railroad industry is excellent.

I wish all of you, and your families, the very best.

Thanks again.

Jerry R. Davis

*Chairman and Chief Executive Officer
SP Lines*

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Southern Pacific Lines' mission is to anticipate and satisfy the requirements of its customers for highly responsive and cost-effective transportation and distribution services.

Honors Go To Modest Heroes



Chief Special Agent George Slaats (left) presented the award to Special Agent B.G. (Billy) Metcalf.



Conductor Les Erickson (left) receives congratulations from Chairman Jerry Davis at the Roseville Division Safety Family Day picnic. At right is Conductor Daryl Stinchfield, Chairman of UTU Local 492.
— Bobbie Tudsbury

To both Special Agent B.G. (Billy) Metcalf and Conductor L.E. (Les) Erickson, what they did was no big deal. But to a lot of others, including the news media and the public, what they did was quite a big deal. The company thought so, too, and both men were recently presented with Chairman's Circle Awards.

Late on the afternoon of March 2, Metcalf was patrolling near the Roseville yard when he saw a familiar figure, a transient named Robert Silvera. Metcalf had put Silvera off SP property in January — this time, he took him back on it, to detain him for Oregon authorities who were looking for a murder suspect.

Within days of the arrest, Silvera was being questioned by police from Oregon, California, and other jurisdictions. He was dubbed the "Boxcar Killer," suspected of killing at least a dozen people, mostly transients (SP Bulletin, March, 1996).

Metcalf, who was given his award by Chief Special Agent George Slaats, said the arrest was "just part of the job." But Slaats observed, "Southern Pacific property, and society, are safer today thanks to the professionalism and courage of Officer Metcalf." Metcalf has been with SP since 1970.

Erickson was on the lead locomotive of a westbound train passing through Reno early on May 10 when the crew spotted a woman on the track ahead. She was staggering and not responding to the train whistle. Erickson, a 32-year SP veteran, "positioned himself on the bottom step of the unit, reached out and pushed the trespasser out of the way," Roseville Division Superintendent Don Seil wrote in nominating Erickson for the award. "It is obvious that had not Mr. Erickson gone the extra mile, we would have incurred a trespasser fatality."

Erickson commented, "You just do what you have to do."

Chairman Jerry Davis presented Erickson with the award at the Roseville Division's Safety Family Day Picnic at Royer Park in Roseville.

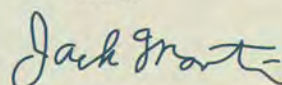
The heroic actions of both men received wide coverage in the news media.

Each winner received a cash award, a citation and letter from the Chairman.

Editor's Note: As this issue was in final stages of preparation, five Denver Division employees also were announced as winners of Chairman's Circle Awards, for their efforts on a major derailment west of Tennessee Pass last Feb. 21. Conductor Tony Alfaro Jr., Student Conductor S.F. Mayo, Engineer J.L. Wilson and Trainman M.B. Nolte were honored for helping to rescue injured Conductor Steve Hudson from the derailed unit. Road Foreman of Engines M.M. Ervin was cited for his "professional judgment" in dealing with the derailment of the 82-car train. Two employees died in the accident.

 So Long,
and Thanks

For the past four years it's been my privilege to produce the SP Bulletin, a task that really would have been impossible to perform without your help. I've gotten to know literally hundreds of you as story sources, as expert advisers on technical details and procedures, and as friends. Planning and putting together these last two issues has been particularly gratifying, for it gave me the chance to take an in-depth look at the company and its people from the beginning to the end. It's my hope that the issues will serve as enduring testimonials to the fact that this railroad, and its employees, were truly SPecial.



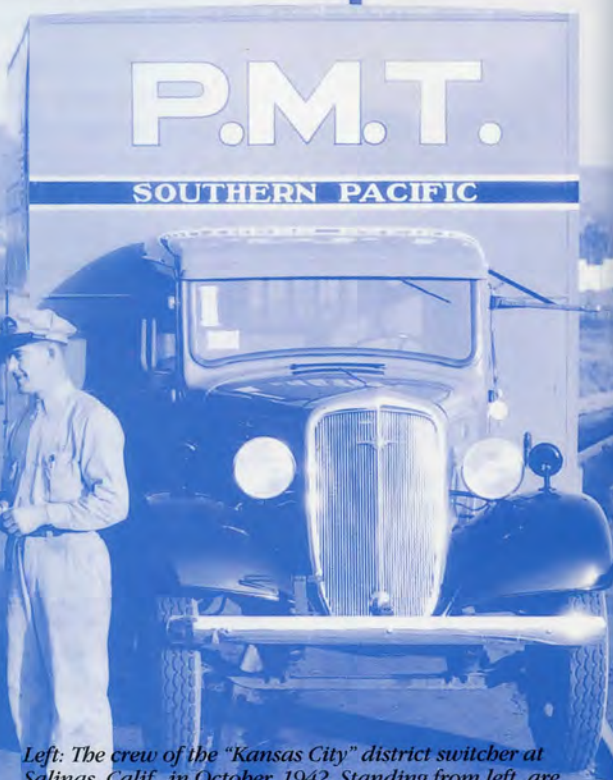
Jack Martin
Managing Editor

1930 - 1958 The Challenging Era

Through Depression and War, SP Moved Ahead — To Greatness

By John R. Signor

The bullish days of the Roaring '20s seemed a distant memory indeed as the nation slid into the Great Depression after the stock market crash of 1929. Southern Pacific managed to escape bankruptcy, although that was a very real possibility as bank failures and financial ruin threatened and eventually engulfed many of its business partners. With people having nowhere to go and no money for tickets, anyway, passenger traffic plummeted. In 1933, the figures were as low as those posted in 1900 — 986 million passenger miles — although this probably reflected the increasing popularity of the automobile as much as hard times. Spawned by the proliferation of good roads, new truck companies and bus lines started dipping deeper into the shrinking pool of transportation dollars.



Left: The crew of the "Kansas City" district switcher at Salinas, Calif., in October, 1942. Standing from left, are Conductor George Ritchie, Brakemen Olin Vansandt and Stanley Kerns, and Fireman Clarence Zimmerman; Engineer Harold Soper is in the gangway.

Background: Pacific Motor Transport began service on the West Coast in 1930.

SP followed the national trend of workforce cuts, dropping from a high of 89,304 employees in 1929 to an average of about 45,000 in 1933. It also cut secondary and branchline passenger service drastically and pruned lightly-used trackage.

Still, despite low revenues and rigid economizing, SP continued to lead the way in innovations and service improvements that marked a new era in railroading during the 1930s. For one thing, it got in on highway hauling itself. Southern Pacific Motor Transport Co. was organized in April 1927, and operated buses over former electrified suburban rail routes in Oregon, an alternative to costly branchline rail passenger service.

By April 1, 1930, SP had consolidated its operations with Pickwick and Greyhound, west of Salt Lake City and south of Portland, to form Pacific Greyhound Corporation. This became Pacific Greyhound Lines in 1936, with SP owning a third of the common stock. The company also held a smaller interest in Southwestern Greyhound Lines in Texas and Louisiana. (It had sold all its interest in Greyhound by 1954).

To meet the threat from over-the-road trucks, SP's Southern California electric line subsidiary, Pacific Electric, entered the trucking business in 1929, offering pick-up and delivery of less-than-carload freight. The service provided by Pacific Electric Motor Transport was so popular that in February, 1930, the company was reorganized as Pacific Motor Transport (PMT) and operations expanded to SP points in California and Oregon. Another subsidiary began service in Texas and by 1935 truck service was extended to Nevada, Arizona, New Mexico and Louisiana.

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The SP station in Houston had just opened when this picture was taken in the 1930s.

The first coordinated train-truck service was established in 1930 and five years later SP expanded it to include highway operations in connection with fast "Overnight" merchandise trains. The first "Overnight" debuted on the 470-mile run between San Francisco and Los Angeles. It was the forerunner of a fleet of fast merchandise trains that ultimately linked most SP stations within the trading areas of metropolitan distribution centers. The concept of such trains was embodied in the "Blue Streak," the most famous of them all, which began service on the St. Louis Southwestern Railway between East St. Louis and Pine Bluff in October, 1931.

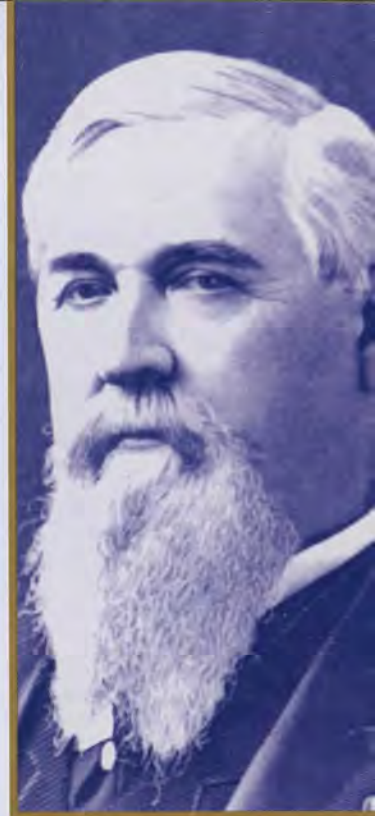
At that time, the SSW, popularly known as the Cotton Belt, was operating nearly 2,000 miles of line serving portions of Missouri, Illinois, Arkansas, Louisiana and Texas, meeting the SP at Shreveport, Dallas and Corsicana. The Cotton Belt traced its roots back to 1877 when the 21.5 mile narrow-gauge Tyler Tap Railroad opened for business between Tyler and Big Sandy, Texas. Like many early railroads, the Tyler Tap fell victim to chronic financial difficulties. Reorganized as the Texas & St. Louis Railway in 1879, the line was extended to Texarkana, then across Arkansas to the west bank of the Mississippi River, near Cape Girardeau, Mo. But hard times hit the line again and it was reorganized as the St. Louis, Arkansas & Texas Railway in 1886.

That same year, Col. Samuel W. Fordyce, who had originally been hired to lay out the line across Arkansas, became president of the company and served until 1898. During his tenure the line was converted to standard gauge and extended to the key cities of Fort Worth, Little Rock and Shreveport.

An interesting sidelight: Once while Fordyce was on a business car trip out of Texarkana, masked bandits boarded the train as it slowed for the drawbridge over the Red River. The bandit leader confronted the Colonel and, in the glow of the coach lights, seemed to recognize him. Fordyce definitely recognized the bandit as an old acquaintance named Shang Dolan. He had, in fact, once obtained a pardon for the man for an earlier transgression.

"Shang," the Colonel admonished him, "aren't you ashamed of yourself to try and rob a road as poor as this one? Don't you know that no one with any money ever rides the Cotton Belt? Why don't you go over and hold up the Iron Mountain?"

Flabbergasted, the



Samuel W. Fordyce

Passenger Trains Were Travel Stars



Movie star Olivia deHavilland christened the *Daylight* before its inaugural run from Los Angeles to San Francisco in 1937. White-haired man behind her was SP Vice President F.S. McGinnis.

Before jet planes, cut-rate air fares, and interstate-highways, travel by train was THE way to go in this country. Passenger trains offered elegance, comfort, and style — and Southern Pacific ran some of the best.

The *Sunset Limited* rolled between Los Angeles and New Orleans, the *Daylights* and the *Larks* on the West Coast, and the *City of San Francisco* between that city and Chicago. In Texas, the *Hustler* and the *Sunbeam* linked Dallas and Houston.

Inauguration of a new train was an event that brought out crowds and the news media. Some trains were even christened, like ocean liners. The *Daylight* was one of those sent on its initial run in a shower of champagne, with the bottle wielded by film star Olivia deHavilland. "With siren sounding and bell ringing, the majestic *Daylight* glided smoothly out of the yard to the cheers of the crowd," said one account of the Los Angeles ceremonies.

The day was March 21, 1937, and the spectacular red, orange and black *Daylight* ran the 470 miles to San Francisco in 9 hours and 45 minutes. Within just a few months passenger volume on the *Daylight* passed the 100,000 mark.

The *Shasta Daylights* started operating in 1949 between San Francisco and Portland, a 718-mile journey that the train once completed in a record 15 1/2 hours.



The dining car on the *Cascade*.

SP began premier passenger service before the turn of the century with the *Sunset Limited*, which was first called the *Sunset Express*, in November, 1894. It operated from San Francisco to Los Angeles to New Orleans.

Passenger cars originally were wooden, lighted by candles or coal oil lamps and heated by coal stoves. But in 1906 SP built the first all-steel cars at its Sacramento Shops and within a few years the era of elegant travel began in earnest on SP and other railroads. Sleeping cars with upper and lower berths, private compartments, luxurious dining and lounge cars and other niceties became the order of the day. By 1936, SP had the largest fleet of air-conditioned cars on primary trains in the West and Southwest.

A *San Francisco Examiner* columnist wrote of his ride on the *Daylight*: "I doubt if any hillbilly would have gaped both at the outside and inside more than I did. There was no end of window space and everything was of spotless metal. There is a coffee shop and a tavern car. It seemed that all the train lacked was a billiard parlor and a bowling alley."

The *Shasta Daylight* usually had 15 cars pulled by a 6,000-hp diesel locomotive consist. There were nine chair cars, a parlor-observation car, tavern car, baggage-postal car and a triple-unit car containing the coffee shop, kitchen and dining car. The "dreamliner" rotating/reclining seats in the chair cars had foam-rubber upholstery and were adjustable to 10 different positions. The train had a capacity of 442 passengers and the San Francisco-Portland fare in 1949 was \$12



The "Pride of Texas" coffee shop on the *Sunset Limited* typified facilities on SP streamliners.

one way and \$21.60 roundtrip, plus tax. In the first three weeks that the *Shasta Daylights* operated, some 20,000 people rode them.

In 1950, new train sets were placed in service for the *Sunset Limited*, with specially designed cars that included the *Pride of Texas* coffee shop and the *French Quarter* lounge. As usual, the new equipment was properly christened in a New Orleans media event.

But times were changing. Even as SP added more new equipment in 1954, such as lounge cars with glass domes, the airplane and automobile were making severe inroads on rail passenger service. In 1956, the start of the interstate highway system, which would enable motorists to travel hundreds of miles in a relatively short time, helped spell the end for rail travel. Then the emergence of jet airliners took more passengers away, particularly the business travelers so important to railroads.

The late 1950s and 1960s became the era of vanishing passenger trains, like the *Shasta Daylights* that stopped operating in 1966 and the *Golden State Limited*, which ran from El Paso to Chicago, in 1968.

On May 1, 1971, virtually all rail passenger service was taken over by Amtrak and another colorful chapter in SP history came to an end.



A classic railroad picture: Conductor James Cardwell, right, synchronizes his watch with that of Engineer John Farley, sometime around 1930, place unknown.

bandit pulled off his mask and extended his hand. "Excuse me, Colonel, if I had known this was your special I would have never held it up. I'll go stop the boys and let you go."

Dolan took the Colonel's advice – a few nights later the gang robbed a northbound Iron Mountain train near Texarkana.

The railroad was reorganized in 1891 as the St. Louis Southwestern Railway Co. but it was not until 1904 that the line actually reached St. Louis, through trackage rights. SSW passenger trains began direct service to Memphis in 1912 and direct freight service in 1921.

The Cotton Belt was never a tremendous

The Houston Southern Pacific Band, shown on April 22, 1927, was one of a number of bands formed by employees around the system.



revenue producer but it had strategic value. Alert to the possibilities that SSW offered in the St. Louis and Memphis gateways, SP began to buy Cotton Belt Stock and acquired the line on Jan. 12, 1932. It was a courageous move in the depths of the Depression, but then SP made a number of bold moves in that troubled period:

It completed the first installation of Centralized Traffic Control, between Stockton and Sacramento, in April, 1930; installed block signals on all primary main lines by 1931 to gain more ABS protected miles than any other railroad; improved terminals in Los Angeles and San Jose; completed construction of the Martinez Bridge across Suisun Bay in Northern California in October, 1930, and at the east end of the system, began operating into New Orleans over the jointly-funded Huey Long Bridge in December, 1935.

While business remained in a slump, SP tried to stimulate travel by reducing fares and improving equipment and services. "Dollar Days" cut travel cost to as little as one cent a mile and low-fare Sunday excursion trains in California took people to the beach at Santa Cruz or up to the High Sierra. Air-conditioning was first installed in dining cars in 1932 and by 1936 SP had the largest fleet of air-conditioned cars in the West and Southwest, on principal trains. Those trains carried tourists to such appealing destinations as Arizona dude ranches, Carlsbad Caverns in New Mexico, Oregon's Crater Lake and SP's own new resort hotel, the Playa de Cortez in Guaymas, Mexico.

The year 1936 brought the first in a



SP's ferryboat Alameda plies San Francisco Bay in 1937. Ferry service ended in 1958.



The Suisun Bay Bridge in 1930.

"Just a note to tell you how much our party enjoyed the Southern Pacific Diner service on our recent trip north."

— Bing Crosby,
letter to SP in December, 1937.

Angus Daniel McDonald led SP through the tough days of the Depression, serving as president from 1932 until his death in 1941.

He inaugurated the famous Daylight passenger trains and fast freight service coordinated with trucks.



The view from 1 Market Plaza toward the Ferry Building in San Francisco was quite different in 1930.

—Photo Courtesy of Graham Clayton



long series of passenger train improvements. A new 11-car diesel-powered City of San Francisco went into service on the Overland Route between San Francisco and Chicago on June 14. Jointly operated with Union Pacific and the Chicago & North Western, the "City" made five roundtrips a month on a 39 3/4 hour schedule. That schedule, made possible by running trains at 100mph or better, remains unequaled today.

Another new train introduced in that period was the celebrated Daylight. It had begun service on the 470-mile scenic Coast Line between Los Angeles and San Francisco in 1922, using conventional equipment. But on March 21, 1937, SP put two gleaming red, orange and black streamliners on the Daylight run. Costing more than a million dollars each, complete with specially designed GS class streamlined locomotives, the Daylights set an American record for passenger volume in their first five months of operation and quickly became an SP institution. In September, the Hustler and Sunbeam streamliners of similar design were placed in service between Dallas and Houston and on July 8, 1937, the eight-car Forty Niner began making runs between San Francisco and Chicago.

These new trains reflected a growing optimism as the 1930s drew to a close. So, too, did the Golden Gate International Exposition on Treasure Island in San Francisco Bay in 1939-40. Set among art deco style exhibits from around the world, SP's own "roundhouse" display was a marvel of design. Created in a streamlined shape, the exhibit featured models of SP's most famous trains in a circular di-

rama and spectacular murals of scenic Western attractions. SP advertised low rates for travel to the Exposition.

Meantime, more trains were inaugurated, including the Noon Daylights and Arizona Limited in 1940 and the San Joaquin Daylights and Lark in 1941.

But these developments, along with everything else, were soon overshadowed by the nation's massive defense buildup as war loomed ever closer. As early as September, 1939, with the outbreak of war in Europe, SP's traffic levels began to rise dramatically. By 1940, freight volume hit an all-time high, only to increase again in 1941.

Pearl Harbor placed SP on the very brink of the Pacific Theater and, as a strategic artery for war materials and troop movements, the railroad became the "Burma Road of the West." This was, indeed, SP's finest hour as the crush of traffic

"I want to express to you my deep appreciation of the many courtesies extended to Mrs. Truman, Margaret and me by the employees of the Southern Pacific Company on our recent trip to the Pacific Coast."

President Harry S. Truman
in note to SP President A.T. Mercier, 1948.

toppled all previous records and tested SP people to the limit. (See sidebar).

During this period SP ended steamship service to New York and sold its fleet to the United States Government. The vessels were converted to Liberty Ships (transports) and one was named the Angus McDonald, in honor of SP's chief executive from 1932 until his death in 1941.

Although for the most part SP had to make do with existing equipment during the war, a notable exception was motive power. Because of the railroad's strategic importance, the War Production Board allowed SP to acquire many new and powerful locomotives. Between 1941 and 1944, the company took delivery of 39 Golden State class 4-8-4 Daylight passenger units and 89 massive cab-forward AC class articulated freight locomotives.

Unique to SP, the cab-forward steam engines were the final embodiment of a design pioneered in 1910 by Superintendent of Motive Power Taylor W. Heintzelman and a team of engineers and draftsmen. They were grappling with the problem of toxic gas buildup in the cab as newer and larger locomotives passed through tunnels and snowsheds in the Sierra; the cab-forwards provided the solution. SP

Railroad Met Wartime Challenge — And Then Some

By Jack Martin

The Bulletin proudly published the pictures of employees serving their country.

From the front lines to branch lines, SP employees heeded their country's call with distinction during World War II. Thousands of engineers, machinists, clerks, track workers and others traded their usual tools for rifles and machine guns and fought from North Africa to Iwo Jima. Those who stayed behind took railroading to new heights, moving troops, civilians and material day and night.

When war broke out in December, 1941, SP President A.T. Mercier said: "I know the men and women of our railroad have what it takes. Out on the line, in the yards, in the shops and offices, they will continue to do the greatest job in our history."

He was right.

By the time hostilities ended in 1945, SP had handled more than 20,500 military trains. In addition, the railroad included "military personnel cars" in regular trains. In 1943 alone SP moved more than 5 million government passengers. It also operated more than 360 hospital trains in 1944-45, taking casualties from the Pacific war to hospitals around the country. At war's end, SP ran 250 special trains filled with returning servicemen and women. Among those who returned were members of the 719th Engineer Railway Operating Battalion, which was made up of SP employees.

When the war started, anxiety and tension ran high — most of it justified, but some reflecting overactive imaginations. For instance, early in 1942 an excited telephone caller woke SP Vice President D.J. Russell in the middle of the night to say that Japanese planes were bombing Taylor Yard in Los Angeles. Russell's response was not recorded but presumably was brief.

As America mobilized its resources to fight the war, SP found itself as the major rail artery for supplying American forces in the Pacific. There were 290 military installations on SP lines, more than on any other railroad.



These women of the Ogden Shops were among many who took on unaccustomed roles to replace men who had gone to war.



The crush of wartime travel and freight shipments would be hard for Americans today to imagine. Stations were jammed night and day and coaches often resembled subway cars, with people standing or seated on suitcases in the aisles. Seemingly endless freight trains carried long-barreled artillery pieces, amphibious landing craft for beach assaults, torpedoes for submarines, and even planes with their wings folded or detached.

SP had to keep all that running smoothly and take care of other chores as well, like feeding passengers who were both numerous and hungry, as exemplified on one particular weekend: On Friday, the Oakland commissary held 19

tons of meat; by Monday, the inventory was down to 10 pounds of ham hocks.

As SP men went off to war, women stepped into non-traditional roles, working on track gangs and in shops; at Mojave, the roundhouse crew was dubbed the "Piston Packin' Mamas."

Day-to-day upkeep of the railroad became more important than ever. SP crews "accomplished Herculean tasks as they installed CTC equipment and upgraded track under the press of time-sensitive traffic that was flooding the rails," wrote one observer. Between 1940 and 1945, they installed heavier rail on 2,600 miles of line and built a new Pecos River bridge, opened in 1944.

American Indian tribes, including the Apache, Hopi, Navajo and Pima, contributed much-needed manpower, as did Mexico, which sent hundreds of its citizens north to join SP maintenance of way and shop forces.

Employees helped the war effort in various ways; members of a bridge & building crew even captured two German prisoners of war who had escaped from a desert camp.

By the time the war ended, SP people had proven without question that they had "what it takes." In addition to those who ran the railroad, 19,980 employees — the equivalent of an entire Army division — served in the armed forces. Of that total, 254 died in the service of their country.



A military train at San Luis Obispo, Calif. in 1944.



Above: A.T. Mercier succeeded McDonald just before the Japanese attack on Pearl Harbor and was president during SP's stellar wartime performance.

Below: The Sunset Limited moves through Beaumont, Texas, past a memorial to the 50th anniversary of the discovery in 1901 of the famed Spindletop oil field in East Texas.



ordered many more of the cab-forwards throughout the 1920s and 1930s and soon they could be seen on most lines in the West. The wartime deliveries gave the railroad nearly 300 cab-forwards and they were, as things turned out, the last steam locomotives purchased new by SP. Along with that order went a portent of the future: An order for 120 new diesel-electric switchers.

Apparently, the West and Southwest made a good impression on the legions of servicemen and women and defense workers who saw those areas — because thousands either stayed on after the war or returned to establish homes. As a result, the eight states served by SP enjoyed a spectacular increase in population, nearly 34% between 1940 and 1950, more than three times the national average. The industrialization that accompanied this growth built a sound base for post-war prosperity; SP's freight load in 1951 was nearly as large as its record volume in 1944. In the first three years following VJ day in 1945, new industries were established on SP lines at the rate of more than two a day and as late as 1955 there was still an average of one new industry a day.



Harold J. McKenzie, while president of the Cotton Belt in the 1950's, supervised the changeover from steam to diesel and many improvements on the system.

SP Doctor Devised Life-Saving Alert

In 1953, a young girl in Turlock, Calif., cut her finger and almost died from an allergic reaction to a tetanus shot.

The incident spurred her father, Dr. M.C. Collins, an SP surgeon, to devise a medical warning system now famous throughout the world.

Dr. Collins — who had been out of town at the time of his daughter's accident — felt there should be some quick, sure method of identifying those with dangerous allergies and certain diseases, one that would be with a person at all times.

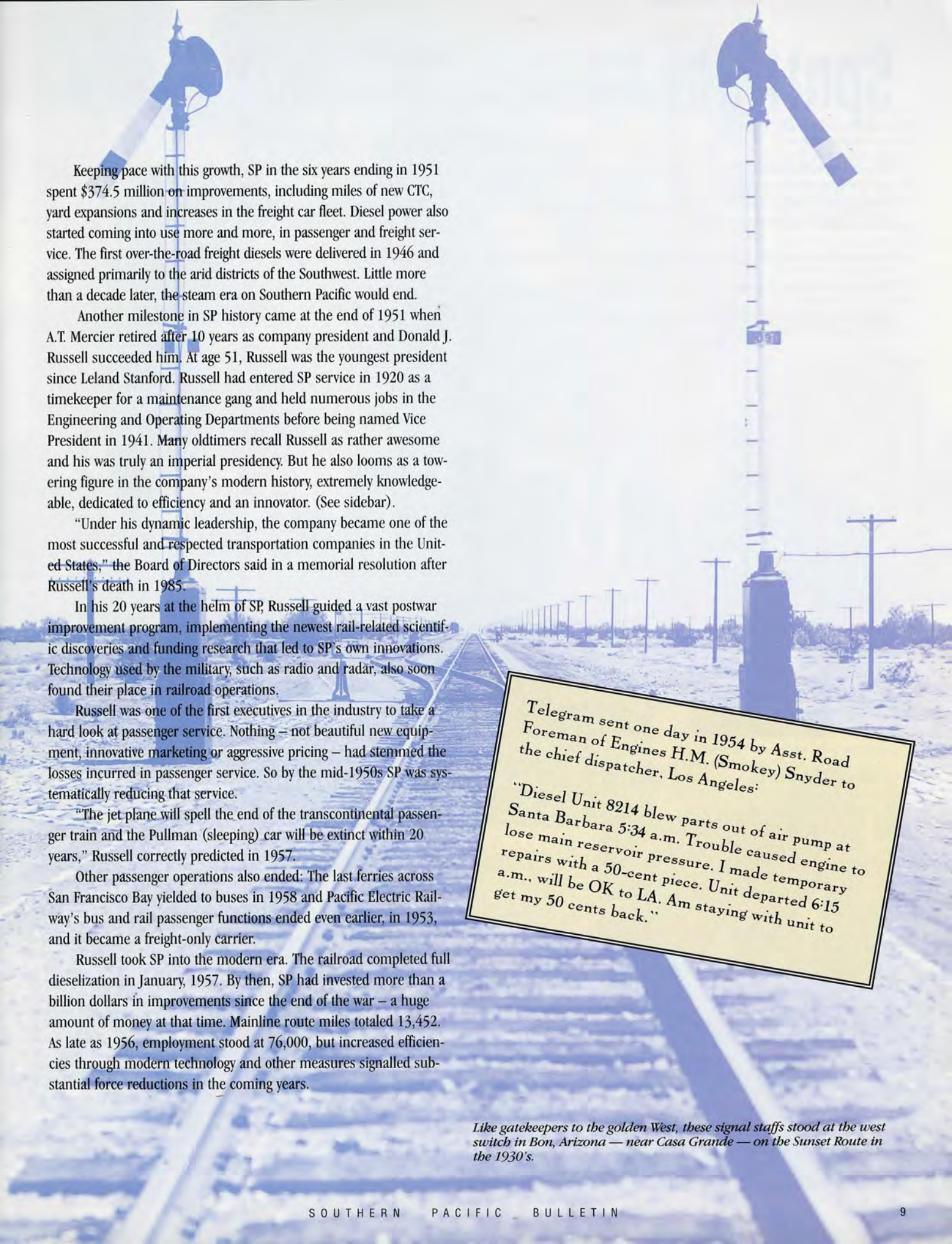
After much thought, he designed a bracelet that could be worn by men, women and children. On one side was the phrase, "Medic Alert," and on the other a warning message, such as "Diabetic" or "Allergic to Penicillin," or whatever.

Doctors, patients, hospital officials and law enforcement officers welcomed the "Medic Alert" bracelets and their use spread quickly and widely. The bracelets, and/or pendants worn on a necklace, have been credited with saving an estimated 80,000 lives.

Since Dr. Collins introduced the system in 1956, 2.3 million people have signed up for Medic Alert, which now is offered through the Medic Alert Foundation of Turlock. The organization operates a 24-hour information center that emergency personnel can call to get a medical rundown on a patient.

Dr. Collins, who died in 1977 at age 70, began his service as an SP surgeon in 1941, following his father, who was a surgeon for the railroad from 1919 to 1941.

(Those interested in the Medic Alert service may call a toll free number, 1-800-432-5378).



Keeping pace with this growth, SP in the six years ending in 1951 spent \$374.5 million on improvements, including miles of new CTC, yard expansions and increases in the freight car fleet. Diesel power also started coming into use more and more, in passenger and freight service. The first over-the-road freight diesels were delivered in 1946 and assigned primarily to the arid districts of the Southwest. Little more than a decade later, the steam era on Southern Pacific would end.

Another milestone in SP history came at the end of 1951 when A.T. Mercier retired after 10 years as company president and Donald J. Russell succeeded him. At age 51, Russell was the youngest president since Leland Stanford. Russell had entered SP service in 1920 as a timekeeper for a maintenance gang and held numerous jobs in the Engineering and Operating Departments before being named Vice President in 1941. Many oldtimers recall Russell as rather awesome and his was truly an imperial presidency. But he also looms as a towering figure in the company's modern history, extremely knowledgeable, dedicated to efficiency and an innovator. (See sidebar).

"Under his dynamic leadership, the company became one of the most successful and respected transportation companies in the United States," the Board of Directors said in a memorial resolution after Russell's death in 1985.

In his 20 years at the helm of SP, Russell guided a vast postwar improvement program, implementing the newest rail-related scientific discoveries and funding research that led to SP's own innovations. Technology used by the military, such as radio and radar, also soon found their place in railroad operations.

Russell was one of the first executives in the industry to take a hard look at passenger service. Nothing — not beautiful new equipment, innovative marketing or aggressive pricing — had stemmed the losses incurred in passenger service. So by the mid-1950s SP was systematically reducing that service.

"The jet plane will spell the end of the transcontinental passenger train and the Pullman (sleeping) car will be extinct within 20 years," Russell correctly predicted in 1957.

Other passenger operations also ended: The last ferries across San Francisco Bay yielded to buses in 1958 and Pacific Electric Railway's bus and rail passenger functions ended even earlier, in 1953, and it became a freight-only carrier.

Russell took SP into the modern era. The railroad completed full dieselization in January, 1957. By then, SP had invested more than a billion dollars in improvements since the end of the war — a huge amount of money at that time. Mainline route miles totaled 13,452. As late as 1956, employment stood at 76,000, but increased efficiencies through modern technology and other measures signalled substantial force reductions in the coming years.

Telegram sent one day in 1954 by Asst. Road Foreman of Engines H.M. (Smokey) Snyder to the chief dispatcher, Los Angeles:

"Diesel Unit 8214 blew parts out of air pump at Santa Barbara 5:34 a.m. Trouble caused engine to lose main reservoir pressure. I made temporary repairs with a 50-cent piece. Unit departed 6:15 a.m., will be OK to LA. Am staying with unit to get my 50 cents back."

Like gatekeepers to the golden West, these signal staffs stood at the west switch in Bon, Arizona — near Casa Grande — on the Sunset Route in the 1930's.

Spotlight Shines On Safety Stars

Departments that did the most in reducing injuries during 1995 were honored in a Denver ceremony. The best performance was turned in by the San Antonio Division Mechanical Department (Car), which cut injuries a whopping 76% — from an FRA reportable injury ratio of 6.72 (per 200,000 employee hours worked) to just 1.62. Other winners were:

Locomotive Plants (System): Houston Locomotive Plant, 1.14 ratio, down from 2.19 in 1994.

Transportation Department: San Antonio Division, 3.70 ratio from 5.34.

Engineering Department: Houston Division, 2.38 from 5.23.



SP Lines Chairman Jerry Davis (center) presented system safety awards to, from left, John Klaus, Vice President & General Manager/Southern Region (accepting for San Antonio Division Superintendent Carl Bradley); Tom Johnson, Houston Division Engineer; Mike Lain, San Antonio Division Mechanical Officer, and Mike Starr, Houston Locomotive Plant Manager.

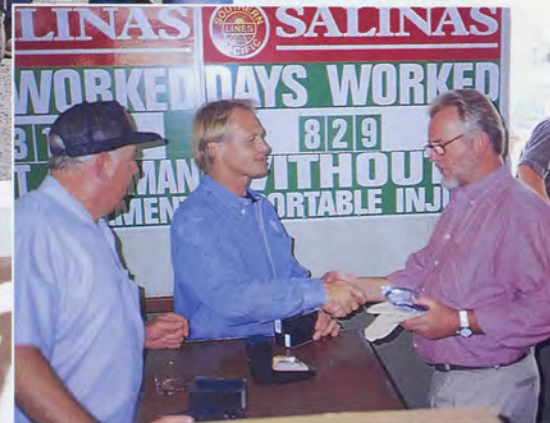


Conductor Joe Debbs, Roseville Division Safety Ombudsman, was honored for his safety and community work at the E.H. Harriman industry awards program in Washington, D.C. Debbs is shown with Federal Railroad Administrator Jolene Molitoris.





The Salinas-Watsonville Transportation Department gave employees gold watches and a barbecue celebration in honor of their working 829 days without an injury. Below, Los Angeles Division Superintendent Ted Lewis, center, presents a watch to Conductor L. J. Seeger as Trainmaster John Bauer looks on. At left are some of the honorees.



The West Colton Locomotive Maintenance Facility is home to other employees who excelled in safety by working 427 days without an FRA reportable injury. G.W. Strothers is plant manager.

The Texas Safety Association honored eight SP units and individuals for "notable achievements in on-the-job safety" during 1995. Shown from left are Mike Starr, Manager, Houston Locomotive Plant, for safest locomotive plant on the system; Mike Lain, San Antonio Division Mechanical Officer, safest mechanical department; W.J. (Woody) Theriot, Lafayette Signal Technician, for 37 years injury-free service; Trainmaster Bill Tanner, for injury-free year on El Paso-Sierra Blanca Trainmaster District; System Safety Officer J.C. Moreaux; Dallas Trainmaster Drew Vialpando, accepting for San Antonio Division Superintendent Carl Bradley, for lowest injury frequency ratio among transportation divisions (3.70); Roadmaster Bill Thibodeaux, for injury-free year on Schriever Roadmaster District (Houston Division); Trainman Paul White, El Paso, for 36 years injury-free service, and Eddie Baca, Houston Division Signal Engineer, accepting for injury-free year at Lafayette Signal Department.



1959-1982: The Innovative Era

The SP Story

By John R. Signor

P

resident Russell had brought the Southern Pacific through the 1950s with imagination and determination and as the decade came to a close SP was much more than a railroad.

"We're in business to supply transportation service to our customers," he said. "If they leave us, we have an obligation to follow them — at least as far as law and regulations permit."

And so they did. For example, in 1954 it became obvious that the growing Phoenix-Tucson area was rapidly outpacing the ability of railroad tank cars and tank trucks to bring in petroleum products. A pipeline was inevitable, so SP decided to build one and "lose the business to ourselves," as Russell put it.

That first pipeline was so successful more were quickly built; by 1972, Southern Pacific Pipe Lines,



The former Rock Island line was dubbed the "Cotton Rock" after SP acquired it in 1980.

Background: Postwar growth of industries on SP lines provided an increasing source of revenues.

Inc. was operating 2,750 miles of line in six states from Texas to Oregon. In 1967, it put into operation the 273-mile Black Mesa Pipeline, the longest coal slurry pipeline ever built. It carried pulverized coal, mixed with water, from mines northeast of Flagstaff, Ariz., to the Mohave Power Project in southern Nevada. At destination, the coal was extracted, dried and burned by the power plant.

PMT, the trucking subsidiary, was the fourth largest intercity common carrier in the nation by 1959, providing integrated truck-rail and truck-air freight delivery service. PMT, together with Southern Pacific Transport (on SP's Texas & Louisiana lines) and Southwest Transportation (on the Cotton Belt) operated more than 8,000 highway units over nearly 27,000 route miles in 10 states, with almost 5,000 employees. In 1972, SP's piggyback service was the largest in the country, handling a quarter million trailers and maintaining ramps in 86 cities.

Beginning Oct. 1, 1958, SP agents also were directed to sell United Airlines tickets, a move that appeared rather surprising but in Russell's view was entirely logical. In the previous 10 years, SP had spent \$34 million for whole trains of sleek new passenger cars and another \$20 million for diesel locomotives to draw them. Yet, in the same period, while airlines had quadrupled their share of intercity passenger business, SP's share had declined by 75%. So while there was no sure payoff for SP in selling airline tickets, it was hoped the public would come to look on the SP ticket agent as the all-around transportation representative in the community, to be contacted when they had freight to ship.

Despite the disenchantment with passenger service, SP when it wanted to, could run some dandy special trains. Among the most memorable were those operated in 1960 for presidential candidate John F. Kennedy and Soviet Premier Nikita Khrushchev. The latter drew international attention as Khrushchev, irked at not being allowed to visit Disneyland because of security concerns, chose to take a leisurely trip up the coast from Los Angeles to San Francisco. "I'm glad I took the train," he remarked during the trip. "This is a fine train and a nice route." Thus did SP do its part in easing Cold War tensions.

One by one, the great trains passed into history. Some of the more notable discontinu-

ances were the Sunbeam between Houston and Dallas in 1958, the S.F. Overland Limited in 1962, the Golden State in 1964, the Owl in 1965 and the Shasta Daylight in 1967. The loss of mail contracts in 1967, which had helped subsidize passenger service, was a crippling blow. By then, public and governmental opposition to the discontinuances was mounting and public hearings on the Lark, the night Pullman train between San Francisco and Los Angeles, attracted much attention in the mid-sixties.

But the Lark, the "bird that could not fly," was discontinued in April, 1968. By the spring of 1970, SP's remaining long-distance trains — the Cascade, Sunset Limited and City of San Francisco — were all on a three-times-a-week schedule. The next year, Amtrak took over intercity passenger service. SP argued that its last passenger operation, the San Francisco-San Jose peninsula commuter service, should also be the responsibility of some government agency. But that would not happen until July 1, 1980, when the operation was turned over to the State of California.

As passenger business dwindled, freight business soared. Capitalizing on the success of Cotton Belt's famous Blue Streak fast freight, SP inaugurated a series of high speed merchandise trains, which included the Gold Streak in partnership with the Rock Island on the Golden State Route between Chicago and Los Angeles; the mail trains Bay Area Expediter (BAX) and Overland Mail East (OME) between San Francisco and Chicago, in partnership with Union Pacific and Chicago & North Western, and the Starpacer between Los Angeles and Portland.

SP also operated longer and heavier trains, with more power to run them faster. Average long-haul freight train tonnage rose from 5,600 to 8,500 or 9,000 tons and sidings were lengthened systemwide to accommodate the longer trains. By 1966, freight exceeded the wartime 1944 peak by 48%. By 1961 SP had the largest net income, \$65 million, of any railroad. Revenue exceeded \$1 billion for the first time in 1965.



The SD-45 gave SP new locomotive technology in the early 1960s.

While it was making big money, SP also put big money back into the property and continuously searched for better ways to do its job. It surprised the industry in 1961 by experimenting (unsuccessfully) with three radically different German-built diesel hydraulic locomotives and, as the decade ended, even looking seriously at electrifying the main line between Colton and El Paso.

More importantly, in the early 1960s, SP participated in a program that led to production of the EMD SD45, a revolutionary six-axle, 20-cylinder high horsepower freight locomotive. Literally made for the SP, the SD45 could pull tremendous tonnage up the railroad's many grades and on flat terrain move a heavy



Pipelines were a successful sideline.

Family Affair

There was a Kalkbrenner on the Cotton Belt more than a century ago – and there is today. Seven members of the Kalkbrenners worked for SP simultaneously – as did seven members of the Mahon family of California. And second-, third- and fourth-generation railroaders can be found all over the system.



Fred (left) and Henry F. (Hank) Kalkbrenner of Pine Bluff.

"At one time, there were seven of us on SP – my Dad, Walter G., me, and my brothers Walter, Richard, Vince, Gary and Larry," says Assistant Roseville Division Engineer Jim (The Bear) Mahon. Gary is still with SP, as Assistant Division Engineer at Dunsmuir, and nephew Ken Mahon is Roadmaster at Redding.

"My Dad started as a section laborer in 1923 at age 16," said Jim Mahon, whose skills in keeping the Sierra line open during severe snow conditions have made him something of an SP legend.

"My great-grandfather, H.J. Kalkbrenner, was the first in the family to hire out, as a telegrapher in the late 1800s," says H.F. (Hank) Kalkbrenner, General Foreman at the Pine Bluff Locomotive Plant and fourth-generation railroader. "The engineers and conductors had a little trouble saying his name so they started calling him 'Coalburner' after the coal burning engines they worked. Now, that's the way we pronounce it ourselves."

Hank's grandfather, H.J. Jr., also a machinist and general foreman, had six boys follow him onto the Cotton Belt. One of them, Harry E., a blacksmith, was the father of Hank, who started as a machinist apprentice in 1962.

Leo H. Cook Jr., an Electrical Department Supervisor at Pine Bluff, also is a fourth-generation Cotton Belt employee, with 45 years service.

Charlie Babers, Assistant General Manager at the Transportation Service Center in Denver, traces his family's SP lineage to his grandfather, Joshua, who became a section foreman between Tucumcari and Carrizozo, N.M.

While working as an oiler on a steam shovel, Josh, his wife and three sons – including Charlie's Dad, Charles – actually lived on the railroad, in outfit cars. "As they would finish a job, the local would pick up the outfit cars and move them to the next siding," Char-

"At one time, there were seven of us on SP - my Dad, Walter G., me, and my brothers Walter, Richard, Vince, Gary and Larry"

lie recalled. "The train crews would help them take down clotheslines and gather up other necessities of daily life, then help secure the furnishings in the outfit cars for the moves."

Babers Sr. hired out in 1950 as a switchman at Tucumcari and rose to become General Manager of Western Lines; he retired in 1987. Another relative, Marvin Wells, Charlie's uncle, is a 31-year SP employee whose career started in 1965 in Yuma and continues at Tucson, where he is a conductor. And there are two brothers-in-law in SP ranks: Paul Pedersen, trainman out of Tucson, and Mark Brennan, Assistant Superintendent at Eugene.

Charlie went to work for Pacific Fruit Express in 1967 and has been Terminal Superintendent at El Paso and Director of Customer Service Operations at Denver, among other posts.

SP "dynasties" have started in various ways. One of the more interesting ones involved an SP call for help over the radio. The story is related by Conductor R.L. (Bob) Fisher of Sparks:

"My father, Harry, started railroading as a fireman on the Western Maryland in 1936. But in 1944 he was working at another job when my mother, Violet, heard on the radio that the SP badly needed trainmen out in Nevada. She wrote to SP and the upshot was that my father got hired in 1945, as a locomotive engineer. Later, Mom got on as a crew dispatcher and worked 25 years. I hired on in 1957, after college and a stab at law school. I guess I was just drawn to railroading."

Like other employees, those with deep family ties to SP are saddened at its demise.

"I hate to see the SP name and tradition disappear," said Charlie Babers. "But the important thing is that for most people the merger gives them job continuation, security. And the feelings we have about the railroad will remain alive, at least until all the SP people are gone."

— Jack Martin



Charlene (Kitten) Smith, stock clerk in Supply Management at Pine Bluff, is the daughter of a locomotive engineer and her son, Randy, is a brakeman/conductor.

train at speed. Between 1966 and 1975, SP acquired more than 400 SD45s and SD45T-2s, which were modified for tunnel service with lower air intakes, and used them to replace older diesels two-for-one.

The physical plant also got attention. In 1967, SP unveiled the \$22 million, 78-mile Palmdale-Colton cutoff in Southern California, "the most significant new railroad construction in the United States in over 30 years," the company boasted. By skirting the heavily urbanized Los Angeles Basin, the bypass provided a short-cut for trains moving between the southern main line and the San Joaquin Valley route to central California and the Pacific Northwest.

To complement the project, SP opened the \$39 million West Colton yard at the foot of the cutoff in July, 1973. With 93 miles of track and a 6,800-car capacity, the yard also had sophisticated computer systems that made it, at the time, the most technologically advanced yard in the world. Other major classification yards – at Eugene, Roseville, Houston and Pine Bluff – had undergone extensive modernization in the 1950s and 1960s.

Leading the industry into the computer age, in the 1960s, SP pioneered development of a new real-time computer system dubbed TOPS (Total Operations Processing System) that became a model for railroads. Similar systems were installed on Burlington Northern, Missouri Pacific, Union Pacific and British Rail.

But all was not rosy. The impact of dieselization, elimination of passenger service and new technology cut deeply into the workforce. Between 1957 and 1967, more than 30,000 employees were trimmed from the payroll. Not surprisingly, it was a time of protracted and often bitter labor negotiations. For years SP and other railroads had lobbied for repeal of "full crew" laws in states which had them. The ultimate repeal of the laws resulted in significant reductions in the number of brakemen required on freight trains.

Similarly, total dieselization raised the issue of locomotive firemen and introduced a new industry buzzword – "featherbedding" – to describe employees who, in the industry's view, were not needed. The fireman issue was so hotly debated that in California the question of requiring firemen on locomotives was put on the ballot. In 1964, the railroad prevailed overall and firemen were given other jobs or let go. On another labor front, systematic elimination



Passenger trains began fading away in the 1960s.

of agency stations – 149 from 1957 to 1961 alone – and computerization put pressure on the ranks of clerks.

While technology was taking its toll on the traditional workforce, SP embraced the future by actively recruiting college graduates, reimbursing employees working toward college degrees, and encouraging managers to attend training programs at Harvard, Massachusetts Institute of Technology, and Stanford. The emphasis was on education and training to meet the demands of a new era in railroading. Earlier, SP also broke new employee-related ground by becoming the first railroad to join President Kennedy's "Plan for Progress," which focused on equal opportunities for minorities.

The 1960s also saw sharply contrasting incidents involving SP's public image. When severe storms in 1964 wiped out miles of subsidiary Northwestern Pacific line in the remote Eel River Canyon, the railroad demonstrated tremendous faith in the future and the people of California's North Coast by spending millions to rebuild, after analysts had predicted an uncertain return on the investment. The result was a PR windfall for the company.

But more of a PR pratfall came from a huge lighted sign the company put atop the 65 Market Street office building in 1954. Blinking red letters proclaimed "SP – Your Friendly Railroad." Public response was anything but friendly. Letters flooded the city's newspapers, charging SP with callous disregard for the

integrity of San Francisco's skyline. Even celebrated photographer Ansel Adams complained of "SP's arrogance." In spite of the protests, the sign stayed up until 1961, when it was quietly dismantled. "It was a lousy thing," anyway, Russell later commented.

To strengthen its competitive position, SP in 1960 tried to gain control of Western Pacific, which paralleled SP lines between Ogden and California. The merger proposal, which was vigorously opposed by Santa Fe, was denied by the ICC in 1965. A year earlier, SP and UP together had made an ultimately unsuccessful bid for the failing Rock Island. SP did manage to acquire a key St. Louis terminal switching carrier, Alton & Southern Railroad, but it took more than a decade, until 1973.

Along with a stronger railroad, SP wanted greater corporate diversity. Accordingly, on Nov. 26, 1969, it formed a holding company. The new Southern Pacific Company held the railroad, called Southern Pacific Transportation Company, along with a variety of ventures, including trucking, pipelines, industrial development, leasing and land management.

Bankers Leasing, acquired in 1964, had more than \$1 billion worth of leased equipment, everything from rail cars to computers to the world's largest piece of coal mining machinery, "Big Muskie," a dragline with a 220-yard bucket built for Muskingum Electric of Ohio. Tigor, acquired in 1979, was a title insurance and investment firm with assets of

D.J. Russell: SP's Legendary Leader

He was always "Mr. Russell." He always wore a hat, felt in winter and straw in summer, and he preferred all other male employees

to do the same. He inspired a variety of reactions, including awe and fear, but most of all, respect. For Donald J. Russell, in 20 years as president and chairman of Southern Pacific, guided the railroad into the modern era and made it the most respected line in the nation. There was one more reaction that Russell inspired, according to a veteran SP executive: "You always got the feeling that he was concerned about his people." As Russell himself put it, "If you take care of your employees, your employees will take care of the system."

Born in 1900, Russell left Stanford University in 1918 to enlist in the Royal Canadian Air Force in World War I. He was badly injured in a plane crash and, after a long and painful recovery, returned to California. In 1920, he went to work for SP as timekeeper on a Maintenance of Way gang on the Sacramento Division. By 1937 he was assistant to the general manager in San Francisco; by 1941, vice president, and by 1951, president.

Under his leadership, SP began a \$3 billion program of modernization, including full locomotive dieselization. SP diversified with truck and piggyback services, petroleum and coal slurry pipelines, and communications services, among other activities. Gross annual business doubled during the two decades to \$1.4 billion, which was a tremendous outlay at that time. Both Time and Forbes did cover stories on Russell.

During his tenure, SP built its causeway across the Great Salt Lake, a monumental engineering feat, and the 78-mile Palmdale-Colton Cutoff in Southern California. Russell directed rescue efforts for passengers stranded on the *City of San Francisco* when it was marooned by record snow in the Sierra, and led the reconstruction of 25 miles of line in 25 days after an earthquake in the Tehachapi mountains; both events occurred in 1952.

Russell also was a champion of research and innovation, and under him SP developed the Hydra-Cushion freight car and the TOPS computer system to track its trains, a system still in use today.

The chairman also contributed outside SP serving as a member of the Stanford University Board of Trustees and a fund-raising chairman for Project Hope.

He retired from SP in 1972 and died in 1985.

Russell anecdotes abound, including this one: After the Sierra line was blocked by a blizzard, a trainmaster told a journalist how upset those in the General Office had been. The journalist couldn't understand such a reaction, as the blizzard was an unavoidable Act of God. The trainmaster said quietly, "Mr. Russell doesn't believe in Acts of God."



President Russell's guiding hand took SP to new heights as a railroad.

\$2.7 billion. The most successful of all the enterprises, SP Communications Company, had started in 1963 with a modest 316-mile microwave transmission network in Northern California and by 1969 had a 3,450-mile system with further expansion on the way. SPCC was the first private telecommunications firm to offer coast to coast service via microwave, in 1974. Enormously successful, the company went on to become Sprint, after SP sold it at a tremendous profit in 1983.

Russell retired as chairman of SP in 1972 and was succeeded by Benjamin Franklin Biaggini, who had been president. Born in New Orleans in 1916, Biaggini started with the railroad as a rodman in the Texas & New Orleans engineering department in 1936; he was named president in 1964.

Challenging times came not long after Biaggini took office. A national recession struck in 1974 and lasted well into 1975, exacerbated by the Arab oil crisis and resulting skyrocketing



On the Palmdale-Colton Cutoff in Southern California.

fuel prices. SP's traditional and lucrative high-value traffic suffered; for example, lumber and building material shipments dropped along with the number of building starts. Movement of new autos and auto parts declined sharply as customer buying power eroded and a growing tide of imported autos further pressured domestic car makers.

SP had no choice but to impose stringent cost controls, which meant layoffs, postponing locomotive and car acquisitions, and deferring track maintenance. Not until 1977 would the company again be in a position to move forward.

One more story would end with the '70s: after losing its California perishables business to trucks, SP terminated a 72-year partnership with UP in Pacific Fruit Express Company, which since 1906 had provided refrigerator cars to Western shippers.

SP found new strength in the strategic position it held in international commerce. It served Los Angeles/Long Beach along with other key ports and had six gateways to Mexico, more than any other railroad. The rapid growth of container shipping and "land bridge" movements, linking the Far East and Europe via steamship across the Pacific and rail across the U.S., boosted SP revenues. Once again, SP was a pioneer, devel-



More women and other minorities began joining SP in a variety of jobs starting in the 1960s.

oping technology that would revolutionize the rail freight business: The doublestack car. The prototype was designed by SP and first runs were made in October of 1977. The car featured a "well" design that allowed two containers to be placed one atop the other. Fittingly, by the early 1990s, SP would lead the railroad industry in container movement.

In the late 1970s, SP tried without success

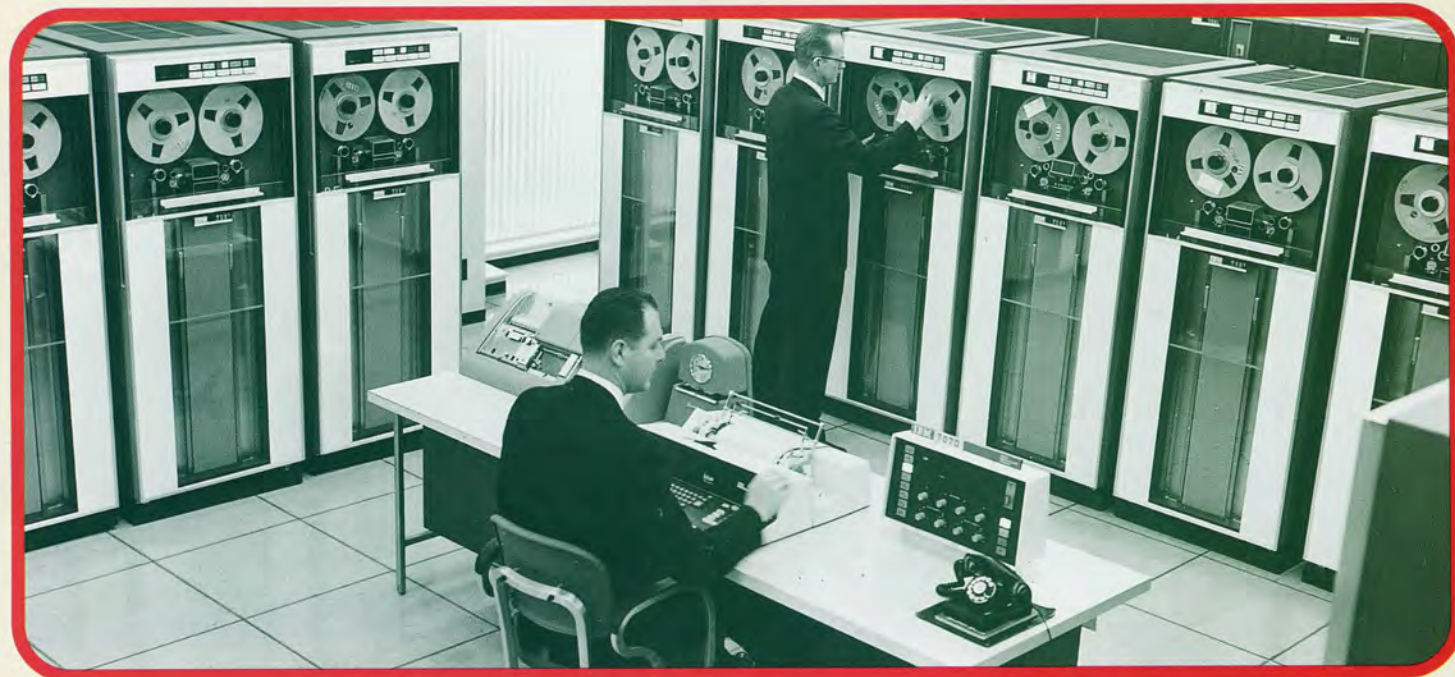
to merge with Seaboard Coast Line but its bid for former Rock Island trackage between Tucumcari, N.M., and Kansas City was successful. The ICC approved the \$57 million bid on July 10, 1980. Operated by the Cotton Belt, this section of former Golden State Route was tagged the "Cotton Rock."

The same year, Union Pacific announced plans to merge with Missouri Pacific and West-

ern Pacific. The proposal jarred SP, which predicted it would suffer annual losses of more than \$100 million; Santa Fe expected to lose \$92 million annually. In a counter move, the two companies announced on May 10, 1980, that they also would merge. But too many differences killed the deal while the UP-MP-WP "Mop Up" merger was approved by the ICC (Dec. 2, 1982).

Driving all these mergers was the beginning of a totally new ballgame for railroads — deregulation. Congress' passage of the Staggers Act in 1980 ended almost a century of stringent federal control of the rail industry. But it also made the industry truly competitive. As one rail executive said, "We used to sell a generic product, now we have to push our own brand."

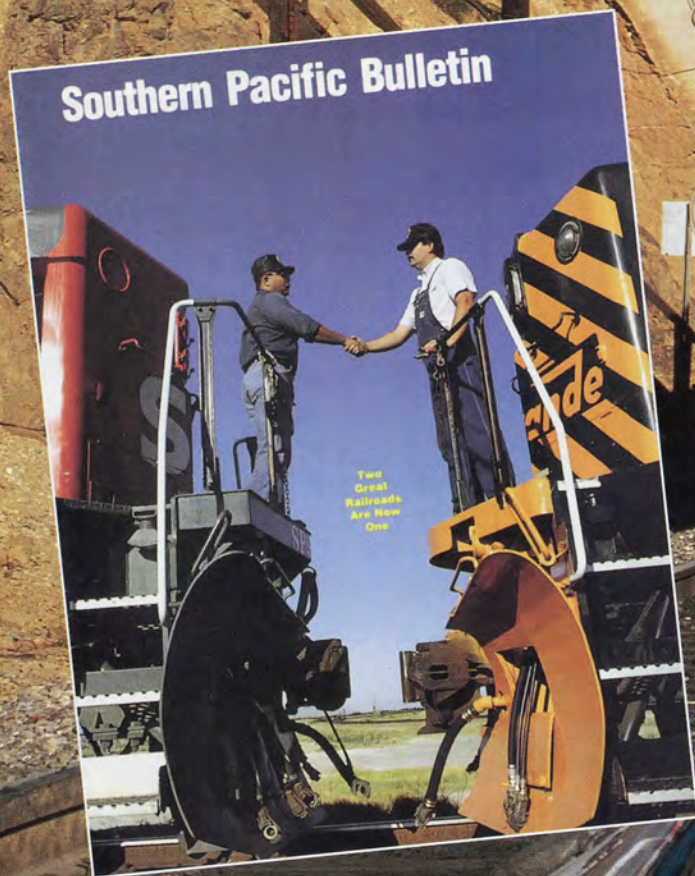
Cutting costs and redundant service were critical to making it in this new era, and that often meant a merger. Thus, just a year after "Mop Up," SP found a partner — or so it thought.



TOPS (Total Operations Processing System) was an SP innovation that became a model computer system for the railroad industry.

1983-1996: The Closing Chapter

The SP Story



Background: SP And Santa Fe tried to get together but were destined to remain as separated as these trains on the Tehachapi Loop.

Left: A special issue of the Bulletin celebrated the merger of SP and the D&RGW.



At 6:30 a.m., Pacific Daylight Time, on Sept. 27, 1983, a joint news release was issued simultaneously from San Francisco and Chicago.

It said that Santa Fe Industries, Inc. and Southern Pacific Company had agreed to enter into a "business combination" as a holding company called Santa Fe Southern Pacific Corporation.

The proposed merger was to be the latest in a series of mega-mergers triggered by railroad deregulation in 1980. Carrier managements realized they must provide more services to ever more demanding customers. In the West, the earlier merger of Burlington Northern and the St. Louis-San Francisco (Frisco) and the announced merger of Union Pacific-Missouri Pacific-Western Pacific gave impetus to the combination of SP and Santa Fe.

The companies had held merger talks in 1980 but nothing developed. A second try, however, in 1983, yielded progress with stunning speed. As SP Chairman Benjamin F. Biaggini told it later, in early August a group of railroad officers asked him about merger possibilities and:

"I said there were none at the moment but that I might get a phone call. Well, I got that phone call." It led Biaggini and Santa Fe Chairman John J. Schmidt to start talking "real seriously" on Sept. 1 and on Sept. 24 they agreed to proceed. The announcement came three days later.

Following the merger of the two holding companies, Southern Pacific was placed in a voting trust while the process of merging the railroads unfolded.

The Santa Fe Southern Pacific Corporation was formed on Dec. 23, 1983, and on March 22, 1984, it filed its application with the Interstate Commerce Commission, seeking to form the Southern Pacific and Santa Fe Railway out of SP Transportation Co. and the Atchison Topeka & Santa Fe Railway.

Biaggini retired at the end of 1983 after 47 years with SP. Denman K. McNear, president of SP Transportation Co. since 1976, was moved up to chairman and chief executive officer. He was succeeded by 40-year-old Robert D. Krebs. Krebs, who had been vice president of operations, launched various projects, including upgrading the Golden State Route to make SP a worthy competitor in the Los Angeles-Kansas City corridor — just as intermodal traffic, including a flood of imports from the West Coast, was beginning a long and steady increase.

ICC hearings on the proposed merger dragged on through 1984 and into 1985 and SP employees waited and wondered how it all would turn out. They got the answer on July 24, 1985. After 28 months, 78 days of public hearings and thousands of pages of legal briefs, ICC commissioners took only 17 minutes to reject the merger on grounds it would be anticompetitive. The decision left Santa Fe and SP — and their thousands of employees — stunned.

SP's stay in limbo lengthened and during this period, constrained by an inability to attract capital, the company fell behind its competitors. In March, 1987, SFSP asked the commission to reopen the case. The ICC again rejected the merger and told the holding company to submit a plan to divest itself of one or both railroads.

SFSP said it would sell the SP and keep the Santa Fe. On Dec. 28, SFSP announced an agreement to sell SP to Rio Grande Industries, Inc. for about \$1.8 billion; \$1.02 billion in cash plus the assumption of SP's outstanding debt.

The sale was approved on Sept. 12, 1988, and SP joined forces with RGI's Denver & Rio Grande Western Railroad on Oct.



The SD70, shown at Dunsmuir, was among hundreds of new locomotives that SP acquired in the mid-1990s.

—Ray Tyler

13, 1988. The combined system was known as Southern Pacific Lines.

"Two great railroads are now one — the new Southern Pacific Lines," Philip Anschutz, Chairman of Rio Grande Industries, said in a message to employees. He pledged to improve SP's plant and equipment with money from the sale of land not needed for railroad operations, and to focus attention on the customer. Although he was confident and optimistic, Anschutz also was realistic:

"Even though there are many advantages in combining these two properties, it's going to be tough," he said. "We are surrounded by thousands of truckers and three major railroads with cost structures lower than ours. . . Now's the time for everyone to pitch in and make this new railroad run correctly. We want to show everyone that the spirit that won the West is back."

D. Michael Mohan, 43, who had been executive vice-president of Southern Pacific, was named president of the new railroad.

One century-old strategic goal — access to Chicago — was realized in 1989 when SP acquired the 282-mile Chicago-St. Louis line of the bankrupt regional carrier Chicago, Missouri & Western. It was named the SPCSL, which stood for — logically enough — SP Chicago to St. Louis. SP also extended its franchise by gaining entry to Chicago from the west, via trackage rights over the Burlington Northern from Kansas City.



Benjamin F. Biaggini

The Sunset Route through the Southwest is one of SP's busiest lines.



CP Huntington
Central Pacific No. 1
1864

AC-11Cab Forward
4-8-8-2
1940

General Electric AC-4400
1995

EMD F7
1500 Horsepower
1949

GS-4 "Goldenstate" Class 4-
8-4 Passenger Engine
1940



Our Locomotive Line-Up Through the Years

SP OFTEN LED THE WAY IN RAILROAD TECHNOLOGY

Southern Pacific has chalked up a number of "firsts" in railroad technology.

Some innovations, such as the cab-ahead steam locomotive developed to give engineers a better view on curving mountain track, are now part of the company's history.

But others remain very much a part of SP and the industry. For example, the doublestack car has had a revolutionary effect on the movement of containers.

The car — carrying boxes stacked two high — is a familiar sight on all lines today, but SP ran the first one less than 20 years ago, in 1977. A Mechanical Department team led by Bill Thomford designed and produced that prototype in conjunction with American Car and Foundry Company; within a few years the concept had changed the face of railroading.

Another SP innovation that affected the industry is the Hydra-Cushion freight car. It came about after President D.J. Russell enlisted the Stanford Research Institute to study the issue of freight claim prevention. Working with SP's Sacramento Car Shop, SRI in 1955 unveiled a prototype

of the Hydra-Cushion car, which had hydraulic devices to reduce the impacts from coupling and train slack. It worked well — in a six-month test in which the car carried auto windshields, not one damage claim was filed. SP later sold the patents to private firms, so ultimately the entire industry benefitted.

In 1968, SP announced its purchase of the industry's first locomotive simulator. The device provided detailed reproduction of actual locomotive operation over system trackage, complete with visual and sound effects. Its chief advantage was that it allowed SP to train more engineers in less time than would be possible in the field.

The TOPS (Total Operations Processing System) was the world's largest railroad computer system, and the most advanced management information and control system in the industry, when SP first put it into use in 1968.

In recent years, SP has been a pacesetter in implementation of the Automatic Equipment Identification system and in acquisition of AC (alternating current) locomotives, among other technological efforts.



SP's development of the doublestack car revolutionized container movement.

The combined railroads had a system covering 15,000 miles that reached, besides Chicago, some of the nation's most important markets. But moving trains to and from those areas with an aging locomotive fleet, and coping with other needs, presented a constant challenge. Revenue from real estate sales and borrowing sustained day-to-day operations and provided for some capital improvements.

Anschutz, who frequently made informal



The huge Intermodal Container Transfer Facility at Long Beach, built in 1986, put SP in an enviable position as the container traffic boom began.

visits to work sites to chat with employees, led a determined effort to position SP once again among America's transportation leaders. Rail labor unions gave vital support by accepting contract concessions to help the company and non-agreement employees worked for extended periods without pay raises.

In 1992 the company sent a "New SP" special train on a 20-city tour to acquaint customers and news media with the railroad's new direction and strategy. A department was established to develop processes and instill the need

for "quality" performance. Anschutz acknowledged labor's support and established a strong labor-management communication effort featuring regular quarterly meetings.

The best efforts of seasoned managers,

however, were hampered by the high cost structure.

Aging locomotives required more maintenance and even then were less reliable, which affected service performance. Lack of capital to invest in alleviating congestion and eliminating capacity choke points contributed to service difficulties.

In May, 1993, the company announced plans to raise equity capital by a stock offering. The proceeds were to be used to invest in the railroad and pay off debt.

In July, 1993, Edward L. Moyers, retired president and chief executive officer of Illinois Central, became chairman and CEO of SP Lines and commenced a program of downsizing and cost-cutting.

SP returned to the ranks of publicly owned companies in 1993 with an initial public offering of 30 million shares of common stock. Proceeds from the sale and an accompanying debt issue were used to fund a huge purchase of new and remanufactured locomotives and for other railroad capital needs. Over the next two years SP spent some \$750 million on new and remanufactured power, including 279 AC (alternating current) units — the latest word in locomotive technology — in the largest purchase of locomotives in a single year in U.S. railroad history.

Despite a focus on service improvement and the improvement in the locomotive fleet, capital constraints continued to prevent the company from achieving the operating efficiencies and cost reductions that were needed.

In February, 1995, health problems forced Moyers to step down. He was succeeded by Jerry R. Davis, 56, a highly respected railroad executive with a record of success at Union Pacific and CSX. Davis brought a management approach dedicated to focusing on service performance, efficiency and safety. Utilizing a process he had successfully implemented on the CSX, he organized Performance Improvement Teams to



Phil Anschutz created a new Western railroad by merging the SP and D&RGW and extending the franchise to Chicago.

address the issues most critical to the railroad and its customers.

However, while Davis was bringing improvements to the railroad, a merger of Burlington Northern and Santa Fe was looming. It was seen as a system that not only would threaten SP but be a formidable competitor for Union Pacific as well. Shortly before the ICC approval of the BN/SF merger took effect, SP and UP revealed plans on Aug. 3, 1995, for their own consolidation. As Anschutz told employees:

"The competitive landscape in the West has dramatically changed with the Burlington Northern/Santa Fe merger. Both the Union Pacific and the Southern Pacific face significant challenges in meeting the threats posed by the merger . . . Teaming up with the UP is the best way for us to meet this competitive challenge."

Thus, almost a century after they joined forces for the first time, Southern Pacific and Union Pacific did so again, as of Sept. 11, 1996, following unanimous approval of the merger by the Surface Transportation Board, successor to the ICC. This time, the combination was viewed as a way to assure enhanced, competitive transportation service for customers, while providing better career opportunities for the majority of SP employees who would have positions on the new railroad.



If you'd like to read more about the history of Southern Pacific, we recommend:

The Central Pacific & Southern Pacific Railroads

by Lucius Beebe, Howell North Books, Berkeley, 1963.

The Southern Pacific 1901-1985

by Don L. Hofsommer, Texas A&M University Press, College Station, Texas, 1986.

Southern Pacific's Coast Line

by John R. Signor, Signature Press, Wilton, Calif., 1994.

In preparation: **A Railroad and the Development of the American West: The Southern Pacific Company, 1850-1930** (tentative title), by Richard Orsi, professor of history at California State University, Hayward.

System SNAPSHOTS

*Conductors Dave Caplan, left, and
Floyd Sleva Jr. of West Colton, two of
the remaining former Pacific Electric
trainmen working the L.A. Basin.*

—Cliff Friedeck



Here are some of the organizers and helpers behind a successful Family Day at Portland. On storied old Steam Engine 4449 are, from left, Trainmaster Jack Gauthier, Engineer Martin Loper and Special Agent Ray Horn. On ground, from left, are Switchman Jim Kelly (with beard), Agent Rocky Bechtold, Clerk Bolon Dool, Engineer Mark Vebrencamp, Conductor Jerry Van Slyke and Engineer Doyle McCormack.

—Tom Chancellor



At a Pine Bluff Gravity Yard safety meeting were, seated from left to right: Switchman J.L. Jennings, Engineer E.A. Tiner, Engineer M.E. Thompson, Switchman Dale Goad and Switchman S.W. Huselton. Standing are Switchman W.J. Lybrand, at left, and Trainmaster Chris Peach.



R.L. (Bob) Riske, Sales Program Manager, and Liz Heim, Managing Director-Pacific Southwest Region, Monterey Park.

—David Crammer

System SNAPSHOTS

*Here's Dispatcher Amelia Boone at
the Transportation Service Center in
Denver*
— David Crammer



*Conductor Dennis (Alton) Smith on the
SPCSL at Bloomington, Ill.*

— R.V. Gillespie



The greatly expanded yard at Herington, Kan. was dedicated in July to the memory of Don Kocian, project supervisor who died in an accident at the yard last May. Among those at the ceremonies were, from left, Trainmaster Chris Hansen; Kansas Division Superintendent Mike Paras; Jeff Verbaal, Vice President & Chief Transportation Officer; Jerry Rugg, Assistant Chief Engineer; Larry Parsons, Executive Vice President-Operations; Gene Reilly, Vice President & Chief Engineer; Wayne Calder, Vice President & General Manager/Central Region; Trainmaster Steve Lambert; Road Foreman of Engines Roger Engle, and Mechanical Trainmaster Cecil Lackie.

— *The Herington Times/Larry Byers*



Clerk Linda Resto of Dalhart, Texas

— *David Crammer*



Locomotive Engineer Charlotte Gilman of Sparks, Nev.

— *B.L. Jennison*

SP'S GOLDEN CIRCLE

To a number of employees, the history of SP is not just something to read about — they've worked through a good part of it. Here are some of those who have more than 50 years of service.

He's No. 1:

The oldest SP employee in terms of service, with almost 58 years, is **Kelvin R. Carter**, Senior Rate Division Clerk at Brannan Street in San Francisco. Carter began with SP Nov. 8, 1938, and has spent his career in the Bay Area, at Oakland or at the GOB and Brannan Street. Now 75, he says he has no thoughts of retirement.



Administrative Assistant **Lorraine Tietzen** gets her 53-year service pin from Gene Lindquist, Vice President-Internal Audit. She joined SP in 1942 and has worked her entire career on the fifth floor of the General Office Building. Tietzen gets to work at 5:30 a.m., which is how she happened to meet Phil Anschutz one morning as he came in from an early morning jog and joined her on the elevator. Anschutz introduced himself and asked how long she had been with the company. Replied Tietzen: "I came with the building."

— Bob Morris



Accounting Clerk **Rosalyn (June) Morini** of the San Francisco Brannan Street Office celebrated 53 years with SP in August; she's shown here with B.H. (Benny) Mauldin, Director-Divisions/Customer Billing.



SP's pay scale was a bit lower than today's when **J.W. (Jack) Russi** of Roseville (left) began his career as a fireman 53 years ago. "I believe it was \$6 per day," he says. Russi, 75, was promoted to engineer in 1954 and remembers running the Sacramento Daylight in passenger service. These days he operates the "Rocklin Rocket," a local out of Roseville. His son, Craig, also is an engineer. With Russi is Jerry Tausch, Road Foreman of Engines.

Dunsmuir Memories



Engineer **Harold F. Stewart**, left, was presented his service certificate by Trainmaster Bob Moya in a ceremony at City of Industry. Stewart joined SP in 1943 and became an engineer in 1952.



Engineer **C.R. (Chuck) McGowan Jr.** of Phoenix, right, receives his 50-year service pin from El Paso Division Superintendent Bill Slinkard. The 76-year-old McGowan has completed 54 years of injury-free service. He started as a fireman in Phoenix in 1942.



*Grace Renoud in 1937...
and in 1996.*



— Bob Morris

G

race Renoud of Dunsmuir, Calif., got a temporary job in the chief train dispatcher's office at Dunsmuir in 1936.

"The country was coming out of the Great Depression and SP was just starting to rehire. One of the clerks wanted to take a trip and that's why I got the job. I thought I'd have it about 10 days.

"But when that job ran out, the assistant superintendent — I guess he liked my work — said, 'You're not leaving, there's a job open in the file room,' so I stayed."

For 31 years, until Nov. 11, 1968.

The changes have been many since 1936 — from steam engines to diesels, from a bustling Dunsmuir terminal with about 1,200 employees to "a handful," and now to merger with the Union Pacific.

The memories are fond ones.

"The SP was good to me. It had some mighty good people."

RETIREMENTS

C.J. Abshire <i>Welder</i>	N.C. Dial <i>Brakeman</i>	S. Lopez <i>Clerk</i>	J.H. Sherman <i>Switchman</i>
J.H. Andrejczak <i>Foreman</i>	D.A. Dunn <i>Div Signal Engr</i>	A. Luna <i>Laborer</i>	B.E. Simonson <i>Carman</i>
C. Arceneaux <i>Laborer/Driver</i>	A.D. Flores <i>Electrician</i>	L.Z. Makowski <i>Officer</i>	R.C. Solis <i>Truck Driver</i>
PE. Arnold <i>Locomotive Engineer</i>	M.L. Flores <i>Crane Operator</i>	D.L. Martin <i>Machinist</i>	W. Stanford <i>Maintenance of Way</i>
V.V. Bailey <i>Sweeper</i>	F. Freeman <i>Ballast Regl'r Opr</i>	M.H. Martinez <i>Brake Operator</i>	R.J. Taggart <i>Machinist</i>
D.L. Barker <i>Equipment Installer</i>	W.F. Gibson <i>Locomotive Engineer</i>	J.W. Maxey <i>Car Foreman</i>	J.F. Teuscher <i>Signal Supvr</i>
J.E. Beggs <i>Conductor</i>	R.A. Gonzalez <i>Track Supervisor</i>	E.D. McGirr <i>Locomotive Engineer</i>	K. Thompson <i>Locomotive Engineer</i>
L. Berry Jr. <i>Truck Driver</i>	E.D. Hales <i>Agent</i>	S. Mendoza <i>Air Comprsr Opr</i>	J.H. Urena <i>Electrician</i>
C.A. Bolen <i>Switchman</i>	T.E. Heintz <i>Carman</i>	E. Mendrun <i>Machinist</i>	J. Valenzuela <i>Sheet Metal Worker</i>
M.P. Brabham <i>Switchman</i>	C.D. Hendrix <i>Brakeman</i>	P. Morin <i>Machinist</i>	B.P. Villa <i>Forklift Operator</i>
A.W. Britton Jr. <i>Fuel Oil Atndt</i>	O.B. Hernandez <i>Laborer</i>	C.G. Mowdy <i>Signal Maintainer</i>	K.M. Westerman <i>M/W Electrician</i>
J.L. Brupbacher <i>Switchman</i>	G.L. Jonas <i>Conductor</i>	J.J. Otero <i>Machinist</i>	D.F. Williams <i>Yardmaster</i>
L.W. Bryant <i>Tractor/Blldr Opr</i>	J.L. Keene <i>Brakeman</i>	J.B. Perales <i>Car</i>	G.S. Willis <i>Clerk</i>
R.S. Cardona <i>Clerk</i>	G.R. Lawson <i>Agent/Telegrapher</i>	K.A. Powell <i>Chief Yard Clerk</i>	J.W. Wolfe <i>Pipefitter</i>
PC. Cerda <i>Truck Driver</i>	FR. Lilly <i>Engineer</i>	VC. Robinson <i>Asst Foreman</i>	M.S. Woodworth <i>Hostler</i>
R.J. Clark <i>Clerk</i>	M.J. Litwin <i>Engineer</i>	F.C. Roque <i>Laborer</i>	A. Wrencher <i>Foreman</i>
J.M. Colson <i>Lead Machinist</i>	F.B. Lopez <i>Laborer/Driver</i>	J.F. Sehorn <i>Electrician</i>	G.E. Young <i>Clerk</i>
S. Conner <i>Laborer</i>	L.J. Lopez <i>Work Equipment Opr</i>	G.T. Shanks <i>Locomotive Engineer</i>	

NEWS BRIEFS

Safety Statistics Shine

Midyear safety figures reflected significant declines in injuries, compared with the same period in 1995. FRA reportable injuries were down an impressive 32% and personal injuries 15%, the Safety Department reported. "All SP employees can be proud of their performance," said Director of Safety Bill Kessinger.

Industry Has Safest Year

1995 was the safest year in history for American railroads, according to preliminary statistics from the Federal Railroad Administration. The employee injury ratio was the lowest on record, falling from 5.06 per 100 fulltime employees in 1994 to 4.22 last year. The train accident rate declined from 3.82 per million train-miles, the previous record low, to 3.70. There were only 27 incidents of hazardous material being released in an accident out of an estimated hazmat traffic volume of 1.6 million carloads. Most of those who died in rail-related accidents — 1,048 out of 1,120 — were trespassers or involved in grade crossing accidents.

Alameda Corridor On Track

Preliminary construction is under way on the \$2 billion Alameda Corridor, the 20-mile long depressed trainway that will connect the ports of Los Angeles and Long Beach with downtown railroad yards. The Surface Transportation Board gave final approval to the project after a favorable environmental impact statement was issued by the Department of Transportation. The project will eliminate dozens of grade crossings and replace 90 miles of rail lines owned by SP, Union Pacific and Burlington Northern Santa Fe.

NWP Sale Completed

Southern Pacific has completed sale of the former Northwestern Pacific Railroad right-of-way for \$27 million, SP Real Estate Enterprises announced. The line runs through Marin, Sonoma, Napa and Mendocino counties in Northern California. Portions from Novato to Healdsburg and Ignacio to Lombard were sold to the Northwestern Pacific Railroad Authority, made up of the Golden Gate Bridge District, Marin County, and the North Coast Railroad Authority (NCRA). The NCRA purchased separately the portion from Healdsburg to Outlet (Willits).



RoadRailer Service Starts

SP has started regular operation of RoadRailer unit trains along the I-5 Corridor. The run is between City of Industry and Portland, said Larry Hill, Director — Intermodal Marketing/Asset Accounts. The train is made up of 50 loaded RoadRailers pulled by two locomotives. The 53-foot trailers ride on rail wheel-equipped "bogeys" — or platforms — over the SP; at destination the trailers are hooked up to truck tractors for highway travel.

SP Merchandise Sales

Merchandise with the SP logo, such as jackets, T-shirts, caps and mugs, is available from Hermann Marketing. To place orders, call 1(800)325-1965.

SP Calendar Available

A 1997 Southern Pacific calendar is available to SP employees for \$8 (plus \$2 shipping and handling). To order, and for information on discounts for multiple copies, write: Steamscenes, U.S.A., Box 8014-8, Blaine, Wash. 98230.



No job is so important,
no service is so urgent,
that we cannot
take the time
to perform
all work safely.

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