

August 8, 1983 in Clarkston, WN,  
interview with Verne Jackson

HAL: What exactly was the nature of your job with CP?

VJ: My final job was auditor of the CP. I spent 36 years in their planning dept, located in Lewiston, Idaho. During those years I worked from the bottom job up to the top job as Auditor. I started out as a car records clerk, then you advance up by various stages of accounting until you finally get to the top. The top union job is general accountant--handling bank statements, ~~XX~~ tax statements, handled by the general accountant. The auditor signs the checks. They have a time keeper who makes out the checks--use a computer now. Used to do it all by hand.

HAL: You weren't responsible for that money?

VJ: Oh yes, as auditor you're responsible. Accounting dept was on the standard ICC bookkeeping methods. Until they took the restrictions off the RRs, we had govt auditors coming in to check our methods of accounting to make sure that we were doing it right. On the CP, the accounting had five districts. The district from Riperia to Lewiston is District A; from Lewiston to Arrow, Idaho is District B; District C runs from Arrow, Idaho to Orofino--the Hdqtrs is all in "C". District D starts in Spaulding which is 8.8 miles from Lewiston, where it branches off and goes to Grangeville is District D. From Orofino to Stites is District E and District F is the Lewiston yards where the switching is done and of, course, all the accounting is done by the districts and the ~~expensds~~ are split on the # of car miles made by the two companies.

HAL: Do they share in the cost of operating the RR equally?

VJ: No, its split ~~XX~~ --log traffic is split 50/50. Each company furnishes the same amount ~~XX~~ so the log expense are split. While commercial loads such as lumber, wheat, machinery is all split on a car miles made by each company basis.

HAL: What determines whose cars are used?

VJ: They order from each company the number of cars they need and the shipper specifies on the commercial loads, what company he wants.

HAL: Then the shippers' desires are in part responsible for what money each company earns?

VJ: Correct.

HAL: Does it generally even out pretty well or is there a noticeable imbalance?

VJ: On commercial cars there was an imbalance--the BN when they were running trains from Spokane to Arrow, had a considerable advantage. But they no longer do that. They come in at Riperia the same as the UP and since I retired I don't know the specific amount but it was running at the time I left about 54% BN and 36% UP, but that could have changed.

HAL: As auditor, did you have any say as to HOW money would be spent?

VJ: In regard to expenses improving the RR? No, this was done through the manager's office. Any new buildings or additions had to go through both companies for their approval. The manager submits a RFA--which ~~standards~~ for Request For Authority to build whatever they want to build. For example, if they have white timber in a bridge and they want to put black, this is an increase in value and they have to seek this RFA first and it goes to an AFE--which stands for Authority For Expenditure. The valuation part of it is handled by the BN in St. Paul for their property. Their property they own from Lewiston, everything east. From Lewiston everything west belongs to UP.

HAL: BN owns all three lines up to Grangeville?

VJ: Right. CP owns 72 miles down the river and all the structures that are on it. After the expenses are all figured, they have a settlement account and CP draws drafts for these expenses on both companies and whatever the car miles percentages are, the drafts are drawn.

HAL: What about repairs on rolling stock, is that paid for by CP?

VJ: Repairs on rolling stock done in Lewiston is charged to ~~XXXXX~~ operating expenses here in Lewiston, if its minor. If its major, they're sent in to Spokane. Some of them are sent to Omaha. If its UP locomotive and its a quarterly test and its done on UP property, that's ~~XXXXX~~ their cost. But minor repairs are chargeable over here to operating expenses which is split on the mileage basis.

HAL: During your term with the company were there any basic changes in the way you handled your work? A difference in monetary policy?

VJ: Not in the monetary policy; the changes have come--when I first went to work April 1, 1948, they had 16 or 17 in the accounting dept. Everything was more detailed--both companies were very strong on following the contract as written.

HAL: Are you implying that they don't follow it precisely now?

VJ: They are not as rigid as they were. The accounting dept of CP treats both companies equally--show no partiality. While you might have feelings that you liked one company better than the other, your absolutely cannot favor one over the other. It was very strict when I first went to work.

HAL: Can you think of an example that shows the relaxing of the rigid adherence to those rules?

VJ: In the reports that are submitted to the companies, a lot of them have been deleted that should have been continued for the protection of both companies. These AFE's, for example, both companies should be informed when a building is being built or a structure being retired, now on BN property--everything east of Lewiston--the UP is unaware of what's BN is doing in the way of building.

HAL: Since these accounts are handled separately, what's the difference if UP doesn't know?

VJ: They're going to pay rent-- a percentage on the properties--not only that, but its a tax problem and the UP is not aware of some of the taxes they're absorbing that they shouldn't be. Because of the way they split the expenses and the UP, consequently is being taken. Same way, is we used to fuel locomotives out in the East Lewiston yards after they'd made a down-river run. Now, the UP fuels them at Hinkle--they got a big fueling area at Hinkle, and they have no way--it's supposed to be metered fuel--they have no way of metering the fuel down there. They could use an engine all day and then put fuel in it and charge it to the CP. Consequently the BN would be paying part of the fuel.

HAL: Does BN know that? What's their feeling about it?

VJ: I'm sure BN knows about it--I made them aware of it. And there's a lot of correspondence on that. That's just an example of how things are. As far as relaxing their rules since 1972 the AFE's held by the manager's office--it got to where they'd go to the parent company for that and they'd turn them down, so they'd figure what's the use of going, they'd just go ahead and do it and bill it and not get an AFE or approval from either company.

HAL: These things that were turned down by the parent company, where they really justified?

VJ: Yes. They go so many of them that they'd just delay 'em and delay 'em, it was sort of a wear-out proposition.

HAL: But these were necessary for the operation of the RR?

VJ: I would say that all the buildings that were built by the manager that he didn't have authority to build were, possibly, necessary and should have been granted permission. But in the accounting field,

the contract says get the authority prior to doing the work. When they don't do it, the valuation is handled by the BN; the new buildings--section houses, tool houses and pieces of equipment--are not put on the valuation rolls and are not paid taxes on; and they are subject to stiff penalties from the state--fortunately they were not in Washington--all in Idaho. Just prior to retiring, in September of 81 I've got a list from the BN valuation dept requesting all evaluations on the CP--everything East of Lewiston. I knew of several buildings with no authority to build them. These buildings amount to thousands of dollars. Well, if the auditor of the company is responsible and he's signing these tax statement verifying that it is correct and true, when you know they're not, then you have to do something about it. This is what I did in September, I got the valuation in December. Harwood and I inventoried all the property and there were 60 different items either retirements or additions that had to be corrected. In February they requested these AFE's and they brought everything, taxwise. This started back in 72 and all those years the tax statements have not been correct for the State of Idaho. If they came in and did an on-site inspection of all the valuations on the taxes while the fellow who signed those papers lied in his statements to him. That's why I say they have relaxed in the contracts. I'm sure this has been corrected, but they still are in the process of correcting things.

HAL: Can you think of other things in the accounting area that are noticeably different from that of other single RRs? What I'm driving at ~~XXXX~~ is that everyone says this is a very unique RR because two companies own it. What I'm trying to do is pin down some of the things that really make it unique.

*Snook*

VJ: What makes it unique is that all the expenses are divided by the districts and the manner in which we do it makes it unique. And the log revenues, are here. The only revenues the CP gets is loads originating on the CP, such as logs, and terminating on the CP. And this is all charged to revenues. They are split on a 50/50 basis if its logs. If its commercial loads its based on the miles that these loads travel.

HAL: As the CP being owned by BN and NP, this revenue that derives from on-line business is then divided between BN and UP?

VJ: Yes. CP owns no rolling stock. The only equipment that they own is their work equipment such as motor cars, and they are ~~XXXXXXXX~~ capitalized.

HAL: Who pays for those when they get new ones or rebuild?

VJ: The CP pays for those. They are in CP's account.

HAL: So, there's a separate account that is not BN or UP?

VJ: There is a CP account for their work equipment such as motor cars, shovels, maintenance equipment--owned by CP. We get the money advances, buy the equipment from both companies, both companies pay equally on the equipment and CP pays the same amount of interest to each company for their work equipment. That's how that is handled. CP doesn't own any buildings--either BN or UP owns the buildings.

HAL: I've heard it said, very forcefully several ~~XXXXX~~ days ago, that, Lewiston has tried many times very <sup>poor</sup> schemes. Brought Potlatch in here and, as I understand it, gave Potlatch the land. They didn't know anything about temperature inversion and what a stink that thing would make. But the upshot of all this was the City of Lewiston has tried ~~XXX~~ in various ways to make itself an important center and has failed in each case. Now they've got a port here. How much business is the port doing? What's your response to that?

VJ: I firmly believe the RR will be here a long time after the Port is gone. The RR has made the country--I can't see how the RR will ever be phased out of here. As a matter of fact, you look at places like Pasco, the business on the RR increased tremendous down there. Here we have ~~XXXXXX~~ Here we have 3 port district in a two miles area--we have Port of Lewiston, Port at Parker and Port at Wilmont--all three within a two miles area and I can't see how 3 port districts can survive and do justice if they weren't subsidized by the ~~XXXXXX~~ tax payer, they wouldn't be in business. The one at Lewiston is mostly container shipments and wheat and grain, but I firmly believe with a unit train system and the RR's try to get the rates down far below the truckers rates, that they will be shipping all their grain by RR one of these days.

HAL: What about this new train that arrived last summer--26 cars was it? Has that worked out yet?

VJ: I had high hopes that it would. I think they have got several 26 car unit trains out. But again, the market, it goes along with the market. The farmers are going to hold that wheat as ~~X~~ long as they can to get the money the govt subsidizes them. When they want to sell it they want cars right now and it takes awhile to put it together--26 unit ~~XXXX~~ train. I think the RR has been and will always be the backbone of the nation. It disturbs me a little that they have cut back so much on their employees and their maintenance of their tracks, not only on the CP but on the main line, the BN and the UP. Channelling the money into their holding companies--there's no question but what they're doing that.

HAL: Roughly, how many employees does the RR have?

VJ: CP has had as high as 300; now around 180 as maintenance way, train crews, the whole works.

HAL: Would you have any idea of the total annual cost of running the RR?

VJ: Yes, a little over 2 million.

HAL: What is their operating ratio? For every dollar spent, how much do they make?

VJ: That I couldn't give you. The loads that go off the line, I have no idea. I presume it's a pretty lucrative business for both companies.

HAL: There does seem to be any financial reason to ever think of terminating the operation?

VJ: Well, on a line such as Grangeville which has only one mill operating now, right now they've only got one train running to Grangeville, I don't know the exact number of bridges, but there are numerous bridges, and the cost of maintenance of that line is so great that it wouldn't surprise me to see that line be terminated. As far as Hdqtrs it has lots of shipments, loads of lumber, not so much grain, but lumber products. And the Kamiah line will never close--there's a mill there, and chips coming out from Kamiah to the coast. However, Grangeville is in doubt because of the expenses of the bridges and the terrain and the power it takes to go there. Used to have a train every day to Grangeville; then they got to running it 3 days a week and now it's once a week. ~~M~~ How they can justify the expenses, I don't know. I don't know how many cars they're getting off Grangeville. How many empties they're taking out. You see these towns and you see no cars setting there, where there used to be 30-40, it's kind of disturbing.

HAL: That's because the resources--the forests--have petered out?

VJ: No, I'm talking about grain on the Grangeville branch. That's because the truckers are getting it. If the rate for these 26 car units becomes low enough if the RR can run a train up, you'll again see a lot of activity. Then there's the market--if the price is good the farmers will sell. Lot of them will hold out for higher prices.