

UNION PACIFIC SYSTEM

UNION PACIFIC RAILROAD COMPANY
OREGON SHORT LINE RAILROAD COMPANY
OREGON-WASHINGTON RAILROAD & NAVIGATION COMPANY
LOS ANGELES & SALT LAKE RAILROAD COMPANY

1416 DODGE STREET
OMAHA, NEBRASKA

CARL R. GRAY
PRESIDENT

FWC -5 SEP

August 28, 1922.

Mr. R. S. Lovett,
Chairman, Executive Committee,
Union Pacific System,
New York City.

RSL -8 SEP

SEP -5 1922

FWC.

Thatcher Branch

Dear Sir:-

Under an agreement dated May 24, 1904 between the Utah-Idaho Sugar Co. and the Oregon Short Line Railroad Co. the Sugar Company built a branch from a connection with the Malad Branch near Tremonton, westerly a distance of about seven miles, through an agricultural district to Nelson, Utah, which branch is known as the "Thatcher Branch", to furnish transportation for sugar beets to their Garland factory. The branch was built at the expense of the sugar company, who maintain it. It is operated by the Oregon Short Line at rates specified in the agreement.

The line was laid with 40 lb. rail and has reached a point in maintenance where this very light rail will have to be removed and a small amount of work is required on the culverts. There are 47 acres in the right of way. The branch cost \$58,000 and up to the present time only 50% of the ties have been renewed. It is estimated that it will cost to renew the 40 lb. rail with 80 lb. rail, \$58,000, to put the bridges and culverts in good condition \$9,830, a total of \$67,830.

The Sugar Co. has offered to sell this branch to the Oregon Short Line for \$5,000, waiving all claims for overcharge. While the agreement provides that the Sugar Co. shall pay the Short Line \$7 per car for beets moving from any point on the spur to the Sugar Company's factory at Garland, that rate was increased during Federal Control by General Order 28 to \$15. per car and later reduced by Special order of the Railroad Administration to \$9, and thereafter advanced in accordance with Ex Parte 74 to \$11.50 per car August 26, 1920 which rate still prevails. The Sugar Company contend that the original contract rate of \$7 per car should prevail and have made bills against us for the difference. Total amount of the overcharge they are claiming to date is \$6,256.16. We have not paid any of these overcharges and have explained that the claim cannot be legally paid, the original contract rate of \$7. per car being less than the published tariff which would be impossible to depart from, without reducing rates other points.

At present the line is operated only during the sugar beet season. The country that it traverses is excellent farm land and capable of greater production, providing it has frequent service most of the year. There are beet loading dumps at Sommer, Bothwell, Sunset, Thatcher and Nelson.

There are about 12000 acres of irrigated land adjacent to this track and a population of about 600. In addition to the acreage under irrigation there are 7500 acres of tributary land which is dry farmed for grain. There are approximately 8,000 acres of low land south and southwest of Nelson at the end

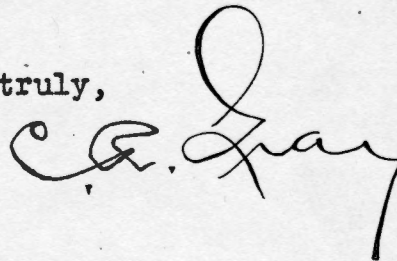
of the track that can be reclaimed and brought under cultivation if tile drained. This is now being investigated by the County Farm Bureau Agent. There is also a possibility of a high land canal being built and water raised from the present canal by pumps, which will bring 2,000 acres under irrigation, northwest of Tremonton.

There is enough traffic from this branch to justify the ownership and maintenance by the Short Line, and if it is purchased it will remove a source of contention with the Utah-Idaho Sugar Co. who are very substantial shippers.

I recommend the purchase of the branch at a cost of \$5,000 and its rehabilitation at a cost of \$67,830, making a total cost of \$72,830. Of this cost of rehabilitation \$26,500 is the cash expenditure, the balance is second-hand material in stock. This makes a total cash expenditure for the seven mile branch of \$31,500.

There is a print attached showing the location of the track together with Oregon Short Line A.F.E. Request No. 148 to cover.

Yours very truly,

A handwritten signature in dark ink, appearing to read "C. A. Gray". The signature is written in a cursive style with a large, looping initial "C" and a long, sweeping tail that extends downwards and to the right.