

April 21, 1971

TO: All Members of the Board of Directors
Lead Industries Association
Zinc Institute, Inc.

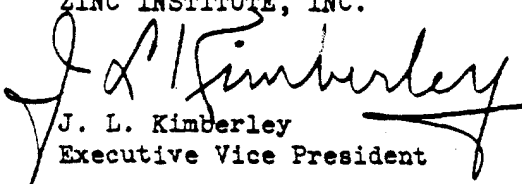
SUBJECT: Joint LIA/ZI General Traffic Committee

Attached for your information, is a copy of the Annual Report of the Joint LIA/ZI General Traffic Committee.

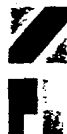
I'm certain you will read it with interest and join me in thanking Mr. E. B. Wood of AMAX for serving so ably as the Committee Chairman during the past two years.

Very truly yours,

LEAD INDUSTRIES ASSOCIATION
ZINC INSTITUTE, INC.


J. L. Kimberley
Executive Vice President

DWP:JLK:hdb
Attachment



ANNUAL REPORT OF THE GENERAL TRAFFIC COMMITTEE
ZINC INSTITUTE AND LEAD INDUSTRIES ASSOCIATION
BY: ERNEST B. WOOD - CHAIRMAN

The annual meeting of the Zinc Institute and Lead Industries Association's General Traffic Committee was held in conjunction with the annual convention of both associations at the Chase-Park Plaza Hotel in St. Louis on April 8, 1970. The writer was re-elected for a second term as Chairman for the year of 1970-71.

With two applications for general increases in freight rates filed with the Commission, the Traffic Committee has been extremely active over the past year. As we submitted our report last year, the railroads had just applied for a 6% general increase in freight rates under Ex Parte 265. We retained Daniel J. Sweeney of Belnap, McCarthy, Spencer, Sweeney and Harkaway and opposed the railroad application. After preliminary hearings, the Commission granted the railroads a 5% interim increase which became effective on June 9, 1970, and set up formal hearings to decide what percentage of increase would be made permanent.

Before the Commission could render its final decision under Ex Parte 265, the railroads applied for a still further increase of 15% within the eastern and western territories and 6% within the southern territory under what was designated by the Commission as Ex Parte 267. In setting up hearings for Ex Parte 267, the Commission combined both cases (X-265 and 267) for the purpose of hearing.

Effective November 20, 1970, the Commission granted the railroads the remaining 1% on an interim basis under X-265 and simultaneously granted the eastern and western railroads 8% and the southern railroads 6% interim increases under X-267.

On March 23, 1971, the Commission rendered its final decision under the combined Ex Parte 265-267 case. They made the total of 6% increase under X-265 permanent. Under X-267, they gave the eastern railroads authority to increase their rates by not more than 14%, the western roads by not more than 12%, the southern carriers by not more than 6% and 12% on traffic moving between the territories. These new increases are scheduled to become effective April 12, 1971.

In addition to the time donated by Committee Members, our expenses for legal fees in connection with both cases were \$ 1,242.38 for Ex Parte 265 (preliminary) and \$ 2,230.17 for the combined Ex Parte 265-267. All bills were forwarded to the Institute for payment and prorated between the Lead Industries and the Zinc Institute.

Although we failed to convince the Commission on the need for special treatment on lead and zinc products, our efforts did bring some success. Under Ex Parte 267, we took a new and more positive approach. Based on the premise that our industries absolutely needed a sound rail transportation system, we asked the Commission to conduct an in-depth study into the ills of the railroad industry. In answer to our pleadings, in addition to similar requests from others, the Commission has set up two investigations known as Ex Parte 270 and 271. Ex Parte 270 is an investigation

LI403910

N 3782.01

by the Commission into the railroad rate structure. We are trying to broaden the scope of this investigation to include such subjects as to the cause of historically weak and strong railroads, the effect of the railroads conglomerate activities on a sound rail transportation system, and several similar subjects. Ex Parte 271 will deal with a proper investment base for the railroads and a reasonable rate of return thereon. While we have signified our intent to participate in these proceedings, the real burden for making a case will rest upon more august bodies than ours. Decision upon the extent of our participation in both cases will be made at our annual meeting in Chicago on April 6, 1971. Our expenses for counsel on the work already done was \$ 1,158.66 and \$ 215.50 for consultant services.

The question of proper freight rates to be applied on zinc concentrates for micro-nutrient purposes is still pending. This subject is being pursued by a sub-committee made up of those firms directly involved.

Annual meeting of the Traffic Committee will be held in the Drake Hotel in Chicago, 10:00 a.m., April 6. With this meeting, I will have completed two years as Chairman and feel that this role should be properly assumed by one of our other Committee Members. I want to say that my terms as Chairman have been invigorating and very rewarding. This result could not have been possible without the full cooperation that I received from other Committee Members and the staff of the Zinc Institute and Lead Industries Association. I am deeply grateful to all for this fine cooperation.

Respectfully submitted,

signed by

Ernest B. Wood
Chairman

LIAC3011