

## WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, JANUARY 21, 2011

BY DAVE MEARS

(NOTE: In case it is helpful to anyone who may not have received the last edition sent due to it possibly having been caught in or deleted by a spam filter, please know that it was sent yesterday, January 26, for the week ending January 14.)

THE WEEK'S TOP RAIL AND TRANSIT NEWS (in chronological order):

(TUE) U.S. Secretary of Transportation Ray LaHood said that he was confident a multi-year bill to reauthorize the nation's surface transportation programs can be passed by Congress and signed into law by the August summer recess. He and the Obama Administration have proposed a six-year reauthorization to the existing surface transportation law, which expired on September 30, 2009 and has been operating on a series of short-term extensions since then. (ffd: DC Velocity, Trains)

(TUE) Groundbreaking ceremonies were held for the start renovations to St. Paul, MN's historic Union Depot, which will become a regional transportation center. Additional to the return of Amtrak passenger trains, the center will host local and intercity bus service, and a connection to the city's Central Corridor light rail line currently under construction. The project's cost is estimated at \$243 million and is expected to be complete by late 2012. (ffd: NARP, Trains)

(TUE) Amtrak announced that it will operate a commemorative passenger train to mark its 40th anniversary. The train will consist of two renovated locomotives, three baggage cars, and a food service car. The baggage cars will be turned into museum cars that will display exhibits of historic advertising, uniforms, photographs and other items. Amtrak said that it would also mark the anniversary by repainting four locomotives in historical paint schemes. (ffd: Trains)

(WED) Union Pacific announced the results of a contest held to determine one of the routings of its seasonal steam-powered excursion train. The winning route will see the train operating from Kansas City through St. Louis and on to Little Rock. A UP spokesman said that the date of the excursion on that route would be announced sometime in the coming weeks. (ffd: UP RR)

(THU) On the occasion of announcing Union Pacific's quarterly and annual financial results, UP CEO James Young said that he and other U.S. rail industry leaders would meet the last full week of January at the White House with Austan Goolsbee, chair of President Obama's Council of Economic Advisors. Mr. Young said that meeting follows Mr. Obama's executive order for a review of new or pending regulations that may harm U.S. job growth. Mr. Young added that he and other rail industry officials "are looking forward to the discussion [about] the impact of regulation on our industry." (ffd: Journal of Commerce)

(THU) The new head of the House Railroad Subcommittee announced his intention to hold hearings on the nation's high-speed passenger rail program to gain information from the Federal Railroad Administration on the criteria they used in selecting projects. Mr. Shuster commented that he felt that FRA had been unresponsive to requests for information on how the applications for high-speed rail grant money were evaluated, and promised "aggressive" oversight of the program. (ffd: NARP)

(THU) The Federal Railroad Administration released guidance documents designed to help state and local governments reduce grade crossing and trespasser incidents, and to improve pedestrian safety near train stations. Required by the federal Rail Safety Improvement Act of 2008, the documents offer strategies on expanded community outreach, additional law enforcement action and warning device installations. (ffd: FRA, Progressive Railroad)

(FRI) The National Association of Railroad Passengers reported that a House Republican Study Committee report proposes Amtrak's entire annual federal grant of \$1.56 billion for elimination and further suggests completely doing away with the high-speed

passenger rail program. NARP said that Democrats had not yet responded to the proposal, "but given their control of the Senate, and White House support of many of the programs that face elimination – Amtrak and high-speed rail included – the proposals look to be in no danger of being enacted." (ffd: NARP)

#### STATS – CLASS 1 RAIL TRAFFIC:

(THU) For the week ending January 15, 2011 and ranked with the comparable week last year, U.S. carload rail traffic totaled 282,987 units, up 7.5 percent. Notable traffic increases included metallic ores up 119.2 percent and metals and metal products up 17.9 percent; notable traffic decreases included waste and nonferrous scrap down 20.2 percent and primary forest products down 15.2 percent. Also for the week, U.S. intermodal rail traffic was up 5.8 percent, Canadian carload rail traffic was down 4.4 percent, Canadian intermodal rail traffic was down 2.8 percent, Mexican carload rail traffic was up 11.2 percent, and Mexican intermodal rail traffic was down 0.4 percent.

For the period January 1 through January 15, 2011 and ranked with the comparable period last year, U.S. carload rail traffic was up 13.5 percent, U.S. intermodal rail traffic was up 7.2 percent, Canadian carload rail traffic was up 0.3 percent, Canadian intermodal rail traffic was up 0.3 percent, Mexican carload rail traffic was up 5.1 percent, and Mexican intermodal rail traffic was up 1.1 percent.

(NOTE: Canadian counts include traffic from the U.S. operations of the two Canadian-based Class I railroads, Canadian National and Canadian Pacific Railway.)

#### STATS – FOURTH QUARTER 2010 AND FULL YEAR 2010 RESULTS:

(THU) Union Pacific became the first Class I railroad to announce quarterly and annual results, for a year its CEO said was "the most profitable in the railroad's nearly 150-year history."

For the Fourth Quarter 2010 and compared with the Fourth Quarter 2009, UP reported:

- Revenues of \$4.410 billion versus \$3.754 billion earlier, an increase of 17 percent
- Operating income of \$1.313 billion versus \$999 million earlier, an increase of 31 percent
- Net income of \$775 million versus \$549 million earlier, an increase of 41 percent
- Operating ratio of 70.2 percent versus 73.4 percent earlier, an improvement of 3.2 points

For the Full Year 2010 and compared with the Full Year 2009, UP reported:

- Revenues of \$16.965 billion versus \$14.143 billion earlier, an increase of 20 percent
- Operating income of \$4.981 billion versus \$3.379 billion earlier, an increase of 47 percent
- Net income of \$2.780 billion versus \$1.890 billion earlier, an increase of 47 percent
- Operating income of 70.6 percent versus 76.1 percent earlier, an improvement of 5.5 points

#### EXPANSIONS, CONTRACTIONS AND ALIKE:

(WED) The California Transportation Commission gave final approval for Santa Cruz County to purchase Union Pacific's 32-mile Santa Cruz Branch. The purchase will consist of \$14.2 million paid to Union Pacific plus \$650,000 in related acquisition costs. Funds for the purchase were made possible by Proposition 116, a transportation funding program passed by California voters in 1999. (ffd: Santa Cruz Sentinel, Trains)

(WED) The Surface Transportation Board granted CSX's earlier filing to abandon approximately three miles of its Southern Region-Florence Division-Hamlet Subdivision, a line located in Chesterfield and Darlington Counties, SC. (ffd: STB)

(THU) Western Kentucky filed to abandon all five of its remaining lines, totaling approximately 43 miles, in Wester, Union, Caldwell, and Crittenden Counties, KY. (ffd: STB)

#### APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(FRI) Richard Sarles was appointed general manager and CEO of Washington, DC's Metro bus and subway system. Mr. Sarles had been serving as its interim general manager, following the resignation several months back of John Catoe, and was earlier with head of new Jersey Transit. (ffd: WTOP News)

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BE SAFE AND PROSPER,

Dave Mears