

WEEKLY RAIL REVIEW

FOR THE 7 DAYS ENDING FRI, FEBRUARY 15, 2008

BY DAVE MEARS

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

(SUN) New Jersey Transit reported an on-duty employee fatality. Simplicio Nino of Clifton, NJ, Age 58, was welding track when he was struck and killed by an NJT train passing by him. Mr. Simplicio was a 36-year veteran of NJT and predecessor railroads. (ffd: Newsday, New York Times)

(MON) The U.S. House Transportation & Infrastructure Subcommittee held a hearing on Monday at New Orleans, LA Union Passenger Terminal regarding "The Role of Intercity Rail During National Emergencies." Those testifying at the hearing included famed New Orleans Mayor Ray Nagin. Also testifying at the hearing was Karen Parsons, Executive Director of the Southern Rapid Rail Transit Commission, who pressed for the resumption of Amtrak's "Sunset Limited" passenger train east of New Orleans, operation of which has been suspended since 2005's Hurricane Katrina, and who noted that "...the CSX railroad completed first-rate track restoration in March, 2006....yet resumption of service has not occurred and could be a vital link for hurricane evacuation for the 12 communities [it] formerly served..." (ffd: NARP)

(MON) U.S. Senator Charles Schumer (D-NY) announced that CSX had agreed to spend \$48.5 million to improve its rail lines in upstate New York. Mr. Schumer made the announcement after meeting with CSX Chairman Michael Ward in Washington, DC the previous week. Referring to a series of notable rail accidents on CSX in the state over the past few years, Mr. Schumer commented that, "New Yorkers in all regions are all too familiar with CSX's safety record. We've had a lot of serious problems, but that's now been met by a serious commitment [by CSX]." (ffd: RT&S)

(MON) RailAmerica said that it would pay \$23 million toward repairs to its Central Oregon & Pacific Railroad, which has been embargoed since last September due to unsafe conditions in several of the line's tunnels. In a letter to Oregon Governor Ted Kulongoski, the company said that it would make the commitment in return for the state agreeing to provide funding for other improvements that it said would make the line viable over the long-term. However the next day, Governor Kulongoski declined to agree to such an arrangement, saying that any public-private partnership to fix tunnels and other infrastructure problems on the line would be possible only after CORP reopens the route. "I do not believe that it is possible for the state...to cover the operating expenses on your privately held railroad," said Mr. Kulongoski. (ffd: RT&S)

(MON) California Governor Arnold Schwarzenegger proposed using \$170 million in state bond money for rail infrastructure improvements. The money stems from a \$20 billion transportation bond approved by California voters last November that included more than \$2 billion to improve freight corridors. A spokesman for the governor said that one of the targeted projects would be a 1.4-mile flyover in Colton, CA, east of Los Angeles. The flyover would help eliminate a chokepoint where the Union Pacific's Sunset Line junctions with the BNSF's Transcon Line. Under the spending plan, BNSF and UP would pay half the projected \$148 million cost of the flyover and the state would pay the remainder from bond money. (ffd: Railway Age, Trains)

(MON) Denver, CO officials announced agreement with five developers to acquire five building sites around Denver's Union Station. A spokesman for the group said that the sale would be used to help close a \$200 million funding gap in the project to redevelop the station and adjoining properties to serve as the centerpiece for the city's planned FasTracks system of expanded light rail and new commuter rail lines. (ffd: Rocky Mountain News)

(MON) Union Pacific continued its ongoing appeals for new workers, this time specifically targeting those with "retail management skills." A UP spokesman said that retail management workers "typically possess transferable skills such as setting work schedules, controlling inventory, helping customers, answering complaints, and hiring, training and supervising employees" and can also "track sales, order products, handle payroll and supervise loss prevention programs." The spokesman said that UP expects nearly 40 percent of its workforce to reach retirement age in the next five years, but optimistically added that it "doesn't expect all employees to take retirement the minute they are eligible." (ffd: UP Corp.)

(MON) The Long Island Rail Road announced that it would begin issuing company cell phones to its train crews, including conductors, assistant conductors and ticket collectors. A LIRR spokesman said that the cell phones, which will be capable of both voice and text communication, would help the crews keep customers better informed and was part of a "multi-pronged effort to keep customers updating on [any] train delays and related travel information." (ffd: LIRR)

(MON) The Tri-City & Olympia Railroad announced that its subsidiary company, Green Diesel, would soon begin producing biodiesel that would be used to fuel TCRY locomotives. TCRY operates over 127 miles of line in Washington State. A TCRY spokesman said that, if all goes as planned, it would then become the first U.S. railroad to make the fuel it uses, which it said it would do at Green Diesel's new plant in Richland, WA. (ffd: Biodiesel Magazine)

(TUE) Two streetcars on New Orleans, LA's Canal Street line collided with each other, causing minor injuries to the streetcars' operators and several passengers. Ironically, the accident occurred in front of the building where the streetcar line's operator, the New Orleans Regional Transit Authority, has its headquarters. An RTA spokesman said that the cause of the accident was being investigated. (ffd: New Orleans Times-Picayune, Trains)

(TUE) The U.S. Transportation Security Administration said that it would continue its rollout of the new Transport Worker Identification Card (TWIC). A TSA spokesman said that rollout, which was begun at the Port of Wilmington, DE, would now expand to the Port of Hampton Roads, VA. The cards require all truck drivers, railroad workers, longshoreman and others who do business at the port to possess the cards, which are issued only after workers pass an FBI background check and submit to fingerprinting. In a related story, a spokesman for the U.S. Coast Guard said that, while it had earlier estimated that the card would be issued to about 750,000 American workers, it was now estimating that as many as 1.5 million would need the card. (ffd: Norfolk Virginian-Pilot)

(TUE) The U.S. Department of Transportation's Bureau of Transportation Statistics said that its Transportation Services Index (TSI) was at 108.8 at year's end. A BTS spokesman said that this mark was a 1.3 percent decline from November to December, and also a 0.1 percent decline from 2006's year-end mark, representing the second consecutive year-over-year decline. The TSI is a measure of the month-to-month change in the output of services provided by for-hire rail, trucking, inland waterways, pipelines, and air freight companies. (ffd: Progressive Railroading, USDOT)

(TUE) Six Canadian grain shippers, including the Canadian Wheat Board, complained to the Canadian Transportation Agency about Canadian National's new process for ordering freight cars for loading. A spokesman for the group said that the new program requires shippers to order cars a month in advance, compared with the previous process that allowed ordering of cars just before they were required to ship grain to meet incoming ocean vessels. The spokesman said that this could result in "serious demurrage...and...serious congestion at terminals." A CN spokesman responded that the group had "chosen to mischaracterize CN's [new] car ordering system," adding that the program will improve its operations and "is not an allocation system." (ffd: Progressive Railroading, wire services)

(TUE) Officials of Washington, DC's Metrorail subway system proposed changing some Blue Line and Orange Line train routings during peak periods. The spokesman said it planned to run four peak-period Blue Line trains per hour via the Yellow Line and Green Line routing to Greenbelt, MD station, and that it would also run four peak-period Orange Line trains per hour via the Blue Line routing to Largo, MD station. The spokesman said that the proposed changes respond to changing ridership patterns during the subway system's peak morning and evening hours. (ffd: Progressive Railroading)

(WED) The Federal Railroad Administration issued new rules aimed at reducing human factor-related train accidents. An FRA spokesman said that the new rules "place more accountability on railroad management and workers to comply with basic operating rules," adding that workers have a "right of challenge" to invoke if they're instructed to take actions that, in good faith, they believe would violate operating rules. The spokesman added that the agency will monitor compliance through inspections and audits and levy fines for violations, such as for improperly lined switches, shoving rail cars without a point person, and leaving cars in a position that obstructs a track. (ffd: FRA)

(WED) Two national news publications notably highlighted the U.S. freight rail industry. The front page of the Wall Street Journal this date carried a lengthy article by WSJ Reporter Daniel Machalaba highlighting the industry's increased investment in renewed and expanded infrastructure to address actual and forecasted traffic growth. Also, a recent Kiplinger newsletter, a publication well-regarded for forecasting national trends, noted the increasingly vital role played by shortline and regional railroads. The newsletter commented that "the cellulosic ethanol boom will provide a boost...shortline railroads will add more track, and new railroads will crop up." (ffd: Wall Street Journal, Kiplinger Publications)

(WED) Canadian Pacific Railway announced that it had concluded a \$500 million agreement with Consolidated Fastfrate that extends their existing contract for an additional ten years. A CPR spokesman said that it has had a relationship with CFF, which provides trucking and logistics services, that dates back to 1966. The two companies have employed a national "co-location program" in Canada, where CFF has built its intermodal centers adjacent to CPR intermodal terminals. (ffd: CP Corp., Railway Age)

(THU) CSX continued its disagreements with Children's Investment Fund (TCI), the activist, British-based hedge fund that has been notably critical of the railroad's management, capital expenditures, and earning performance. This date, CSX wrote a letter to TCI's managing partner defending its recent decision to amend its bylaws to require a special shareholders meeting only after a request from shareholders representing at least 15 percent of voting power. In its letter, CSX said that the fund's intent was "not good corporate governance, but [to] achieve effective control of the company." TCI recently announced its intent to nominate a slate of five directors for the CSX board at the latter's next annual meeting. (ffd: CSX Corp.)

(FRI) Union Pacific said that it expected it would be another four to six weeks before it was able to reopen its north-south Pacific Coastal main line. The line has been blocked by an enormous mudslide that occurred January 19 near Oakridge, OR, and that has caused UP to reroute its freight trains onto BNSF to get around the blockage and has also caused Amtrak to suspend operation of its "Coast Starlight" passenger train north of Sacramento, CA. A UP spokesman said that heavy snowfalls in the area have hampered efforts to reopen the line, which is blocked by the equivalent of 153,000 truckloads of downed trees, earth, and snow. (ffd: Railway Age, UP Corp.)

(FRI) North Platte, NE announced that it was designating itself "Rail Town USA". A city spokesman said that the town, which is the location of Union Pacific's Bailey Yard, one of the world's largest rail yards, said that it had now registered the slogan with the Nebraska Secretary of State. The spokesman added, "Look at what we have here...the regional health center, the community college, and the Union Pacific." (ffd: North Platte Telegraph)

STATS – TRAFFIC:

(THU) For the week ending February 9, 2008, U.S. rail volume grand totaled 32.7 billion ton-miles, up 2.5 percent from the comparable week last year. U.S. carload rail traffic was up 1.2 percent, up 2.1 percent in the East and up 0.7 percent in the West. Notable traffic increases included non-grain farm products up 34.8 percent, grain up 30.1 percent, and metallic ores up 15.8 percent; notable traffic decreases included coke down 36.4 percent, lumber and wood products down 20.7 percent, and primary forest products down 17.7 percent. Also for the week, U.S. intermodal rail traffic was down 3.1 percent, Canadian carload rail traffic was up 1.2 percent, Canadian intermodal rail traffic was up 2.4 percent, Mexico's Kansas City Southern de Mexico's carload rail traffic was down 9.5 percent, and KCSM's intermodal rail traffic was up 7.0 percent.

For the period January 1 through February 9, 2008, U.S. rail volume grand totaled 194.4 billion ton-miles, up 2.0 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was up 1.0 percent, U.S. intermodal rail traffic was down 3.3 percent, Canadian carload rail traffic was down 2.4 percent, Canadian intermodal rail traffic was up 8.2 percent, KCSM's carload rail traffic was down 1.9 percent, and KCSM's intermodal rail traffic was up 10.4 percent. (ffd: AAR)

MORE STATS – OPERATING PERFORMANCE:

(NOTE: Effective October 1, 2005, railroads that had been furnishing operating performance statistics to the Association of American Railroads began applying a new standardized definitional framework, aimed at eliminating differences in calculation methodology. Concurrent with but unrelated to these changes, Canadian National elected to no longer furnish these statistics.)

(WED) For the week ending February 8, 2008 versus the comparable week last year, average total cars on line was as follows: BNSF, 232,084 cars versus 226,391 cars; Canadian Pacific, 81,268 cars versus 80,160 cars; CSX, 220,086 cars versus 223,988 cars; Kansas City Southern, 28,364 cars versus 29,751 cars; Norfolk Southern, 197,949 cars versus 205,609 cars; and Union Pacific, 309,579 cars versus 309,515 cars.

Also for the week ending February 8, 2008 versus the comparable week last year, average train speed was as follows: BNSF, 23.5 mph versus 23.3 mph; Canadian Pacific Railway, 24.6 mph versus 24.0 mph; CSX, 21.0 mph versus 19.2 mph; Kansas City Southern, 24.0 mph versus 22.8 mph; Norfolk Southern, 22.0 mph versus 19.9 mph; and Union Pacific, 21.7 mph versus 21.9 mph.

Finally for the week ending February 8, 2008 versus the comparable week last year, average terminal dwell time was as follows: BNSF, 27.1 hrs versus 25.8 hrs; Canadian Pacific Railway, 23.9 hrs versus 24.1 hrs; CSX, 22.3 hrs versus 25.3 hrs; Kansas City Southern, 24.7 hrs versus 26.0 hrs; Norfolk Southern, 21.7 hrs versus 22.7 hrs; and Union Pacific, 25.3 hrs versus 25.5 hrs. (ffd: AAR)

STILL MORE STATS – 4TH QTR., 2007 AND FULL YEAR 2007 RESULTS:

(TUE) For the Fourth Quarter, 2007 versus the Fourth Quarter, 2006, Genesee & Wyoming, the shortline and regional railroad holding company, reported net income of \$13.9 million, compared with \$14.3 million earlier. Revenues were \$134.5 million, versus \$117.7 million earlier. G&W's operating ratio was 83.3 percent, compared with 84.1 percent earlier.

For the Full Year, 2007 versus the Full Year, 2006, G&W reported net income of \$55.1 million, compared with \$134.0 million earlier, when G&W posted an after-tax gain from the sale of its Australian railroad group. Revenues were \$516.1 million, compared with \$450.6 million earlier. G&W's operating ratio was 81.2 percent, compared with 81.9 percent earlier. (ffd: G&W Corp.)

AND STILL MORE STATS – SAFETY:

(MON) The Federal Railroad Administration reported preliminary rail safety statistics for the U.S. for the first 11 months of 2007. Compared with the first 11 months of the previous year, highway-rail crossing deaths were down 7.5 percent to 309 and trespasser deaths were down 7.5 percent to 446. There were a total of 15 on-duty employee fatalities, compared with 16 the previous year. A total of 2,330 train accidents were reported during this period, representing an overall decline of 13.7 percent. Of these, 885 were caused by human factors, 810 were caused by track problems, 287 were caused by equipment problems, 40 were caused by signal problems, and 308 were caused by miscellaneous problems. (ffd: FRA, Railway Age)

(MON) The Railway Association of Canada reported preliminary rail safety statistics for Canada for the Full Year 2007. Compared with the previous year, reportable train accidents were down 7.8 percent to 1,282. RAC further reported that accidents per million ton-miles were down 4.5 percent to 13.78. (ffd: RAC, Railway Age)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) As a result of Catalyst Paper Corporation purchasing a subsidiary of AbitibiBowater Corporation, the Apache Railway will

now also be owned by Catalyst. The Apache Railway operates 38 miles between AbitibiBowater's Snowflake, AZ mill and an interchange with BNSF in Holbrook, AZ. (ffd: Progressive Railroading, RT&S)

(TUE) The Surface Transportation Board issued a Notice of Intent to prepare an Environmental Impact Statement related to a planned extension of the Alaska Railroad. The ARR has proposed building 30 to 45 miles of new line from a point on its main line between Wasilla, AK and north of Willow, AK, to Port MacKenzie, AK. (ffd: STB)

(THU) Sacramento Valley Railroad filed to operate over approximately 7 miles of line within the McClellan Business Park in McClellan, CA. (ffd: STB)

(FRI) Canadian National filed to abandon approximately one mile of former Wisconsin Central line in Manitowoc, WI. (ffd: STB)

(FRI) Union Pacific filed to abandon approximately nine miles of its Chesterville Industrial Lead between Chesterville, TX and Eagle Lake, TX. (ffd: STB)

(FRI) Union Pacific filed to abandon approximately one-half mile of its Lakewood Industrial Lead in the City of Lakewood, Los Angeles County, CA. (ffd: STB)

(FRI) Union Pacific filed to abandon approximately two miles of its Port Arthur Industrial Lead in and near Port Arthur, TX, the hometown of the late rock and blues singer, Janis Joplin. (ffd: STB)

(FRI) Union Pacific filed to abandon approximately two miles of its Sinton Industrial Lead in San Patricio County, TX. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(THU) Union Pacific VP & General Manager-Chemicals Diane Duren was named one of the "Top 15 Women in Business" by Pink, a magazine for working women. The magazine said that it was honoring Ms. Duren and 14 other notable businesswomen for "having birthed new generations of products and services...[and for] creating and sustaining change that continues to transform their organizations." (ffd: UP Corp.)

(FRI) The passing of Arthur Lewis was announced, at Age 89 on January 12 of this year. Mr. Lewis was a former airline executive who was appointed by President Nixon to incorporate Amtrak in 1970 and, four years later, was appointed to head the U.S. Railway Association, which spearheaded the reorganization of several bankrupt railroads into Conrail. Mr. Lewis served as chairman of the Conrail board of incorporators from 1974 to 1977. (ffd: Trains, Washington Post)

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Weekly Rail Review (WRR) is edited from public news sources and published weekly to those working in, or interested in, rail and transit. Send an e-mail to weeklyrailreview@aol.com to <<mailto:weeklyrailreview@aol.com>>receive it, with my compliments.

BE SAFE AND PROSPER,

Dave Mears

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