

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, FEBRUARY 4, 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 January 30 for the week ending January 28.)

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

(SUN) Amtrak debuted the first of what will eventually be four locomotives repainted in an earlier or "heritage" Amtrak paint scheme. The locomotive, Amtrak No. 145, was debuted on the point of Amtrak's eastbound "Capitol Limited" train. The four locomotives are being repainted in connection with the celebration of Amtrak's 40th anniversary. (ffd: Railroad Magazine)

(MON) The U.S. Department of Transportation filed a statement with the U.S. Surface Transportation Board related to hearings the STB will hold February 24 on continued regulatory exemptions for selected rail traffic, including for intermodal. The statement, filed by USDOT General Counsel Robert Rivkin, did not directly endorse continued exemption, but did strongly endorse intermodal rail service, noting that USDOT "believes that railroads will need to play an even larger role in the future than they have in the past" and have shown that intermodal offers "significant public benefits." (ffd: Journal of Commerce)

(MON) South Florida commuter rail operator Tri-Rail said that it would temporarily close its Miami Airport station to facilitate construction of a new station serving the airport. A Tri-Rail spokesman said that passengers will be able to get to connect with the airport via a shuttle bus to and from its Hialeah station. (ffd: Trains)

(TUE) A severe snow and ice storm caused downed power lines and related electrical transmission problems in the Dallas-Fort Worth, TX area. As a result, Dallas Area Rapid Transit had to suspend service on its light rail system for what it said was the first time in its history. Service problems continued on the system into the following day due to rolling electrical blackouts. (ffd: Trains)

(TUE) The Florida Department of Transportation budgeted \$118 million to restore passenger rail service on the Florida East Coast Railway's line between Jacksonville and Miami. \$118 million represents one-half of the estimated cost to restore service, which has not seen scheduled passenger trains since the 1960s. Florida DOT's budget must still be approved by the state legislature and is conditional on Amtrak or the federal government providing the other half of the cost. (ffd: Florida Today)

(TUE) FedEx Freight, the FedEx business unit for less-than-truckload shipments, was reported to have decided to routinely use intermodal rail, something it had done in the past but not on a sustained basis. The report, in Logistics Management Magazine, quoted Norfolk Southern Chief Marketing Officer Don Seale as saying, "FedEx will systematically use intermodal rail service for the first time in its nearly 40-year history when it rolls out its revamped less-than-truckload operation." Also mentioned was that NS would be one of the intermodal rail providers for FedEx Freight. (ffd: Logistics Management, UTU)

(WED) A major winter storm, dubbed the "Great Ground Hog Day Blizzard," notably impacted rail operations in the Midwest. This was especially the case in the Chicago area, where nearly two feet of snow fell. The severity of the storm forced Chicago commuter rail operator Metra to cancel service on several of its lines, Amtrak to cancel several trains originating or terminating in Chicago, and Union Pacific to temporarily close its intermodal terminals there, among other disruptions. Resumption of rail service began the next day and was near normal by the end of the week. (ffd: Chicago Tribune, Trains)

(WED) Norfolk Southern made a \$60,000 grant to the Railroad Museum of Pennsylvania through its Norfolk Southern Foundation. The grant will be used to improve and make electronically accessible the museum's library and archival collections. (ffd: NS RR, Trains)

(THU) The Federal Transit Administration endorsed a Full Funding Grant Agreement for the Minneapolis-St. Paul Central Corridor Light Rail Project. The project will link downtown Minneapolis with St. Paul Union Depot in downtown St. Paul. Construction of the 11-mile line began in 2010 and is expected to be complete and operational by 2014. (ffd: Progressive Railroading)

(THU) New Orleans announced plans to expand its light rail system. Two extensions are planned: the first, funded by a \$45 million federal grant, will run from the French Quarter east down Rampart Street and St. Claude Avenue; the second, funded by \$79 million in revenue from a city sales tax bond, will run down Elysian Fields Avenue. (ffd: Trains)

(FRI) Metro North announced that it would substitute bus service on its Waterbury Line in order to free up commuter rail cars for its New Haven Line. It also said that it would operate reduced service on that line through March 4. The changes result from about 40 percent of cars regularly assigned to the New Haven Line being out of service due to problems related to the recent severe winter weather. (ffd: New Canaan Advertiser, New York Times)

(FRI) Canadian Pacific announced that it had reached tentative agreement with the Canadian Auto Workers (CAW) on a new contract. The union had threatened a work stoppage on or about February 8 if a new contract was not settled on. Both Canadian National and Canadian Pacific have now settled with the CAW. (ffd: CPR RR)

(FRI) Two Class I railroads announced that they would buy back amounts of their stock to enhance its value. Canadian National announced that it would repurchase up to 16.5 million shares. Also, Union Pacific announced that it would repurchase up to 40 million shares, the latter in a program to run through March, 2014. (ffd: CN RR, UP RR)

(FRI) The forecasting firm Economic Planning Associates estimated that rail car deliveries would reach approximately 27,000 units in 2011. The firm said that this would include a number of covered hoppers and intermodal platforms, as well as gondolas and coal cars. (ffd: EPA Inc., Progressive Railroading)

(FRI) House Transportation & Infrastructure Committee Chair John Mica (R-FL) announced his committee would hold a series of field hearings to hear comment related to the new surface transportation legislation the committee is preparing. The previous multi-year surface transportation law, known as SAFETEA-LU and which a new bill would supersede, expired in September, 2009 and has been temporarily extended six times. Mr. Mica said that the first hearing would be held February 14 in Beckley, WV. (ffd: AASHTO)

(FRI) The Surface Transportation Board announced that it would postpone its hearing on the state of rail competition until June 22. The hearing was originally scheduled for May 3. In announcing the rescheduling, the STB said that the delay would give interested parties more time to prepare their testimony. (ffd: STB)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) The Association of American Railroads reported that, for the week ending January 29, 2011 and ranked with the comparable week last year:

- U.S. carload rail traffic totaled 291,147 units, up 4.7 percent
- U.S. intermodal rail traffic totaled 222,742 units, up 9.2 percent
- Canadian carload rail traffic totaled 71,382 units, up 3.6 percent
- Canadian intermodal rail traffic totaled 45,694 units, up 6.6 percent
- Mexican carload rail traffic totaled 15,148 units, up 13.1 percent
- Mexican intermodal rail traffic totaled 7,172 units, up 10.3 percent

For the period January 1 through 29, 2011:

- U.S. carload rail traffic totaled 1,142,293 units, up 8.0 percent
- U.S. intermodal rail traffic totaled 863,099 units, up 7.4 percent
- Canadian carload rail traffic totaled 278,142 units, down 1.6 percent
- Canadian intermodal rail traffic totaled 178,596 units, up 2.6 percent
- Mexican carload rail traffic totaled 58,456 units, up 7.1 percent
- Mexican intermodal rail traffic totaled 27,222 units, up 4.7 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.

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) The Hudson-Bergen light rail system opened an additional mile of line beyond its previous southern end at 22nd Street in Bayonne, NJ. The new section extends the line to a new station at 8th Street in Bayonne. (ffd: Newark Star-Ledger)

(WED) GNP Railway filed for Chapter 11 bankruptcy reorganization. GNP operates the short line between Snohomish and Woodinville, WA. (ffd: Seattle times)

(FRI) Carolina Coastal Railway filed to lease, from Norfolk Southern, and operate approximately eight miles of NS's SB Line between Kings Creek and Blacksburg, SC. (ffd: STB)

(FRI) Delta Southern filed to abandon approximately 24 miles of line between McGehee and Lake Village, AR. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Chicago commuter rail operator Metra named Alexander Clifford its new chief and executive director. Mr. Clifford, who was most recently the executive officer for high-speed rail at the Los Angeles County Metropolitan Authority, succeeds longtime Metra head Phil Pagano, who committed suicide last year by stepping in front of a Metra train. (ffd: Chicago Tribune)

(MON) Iowa Interstate appointed Jerome Lipka its executive vice president and chief financial officer. Mr. Lipka has been with IAIS since 2008. (ffd: Progressive Railroading)

(FRI) U.S. Steel appointed Malisa Sommers its managing director of transportation. She will also be the president of USS's transportation subsidiary, Transtar, which operates eight railroads serving USS plants and facilities. (ffd: Progressive Railroading)

(FRI) Union Pacific appointed Brian McGavock the general superintendent of its Harriman Dispatching Center in Omaha, NE. Mr. McGavock succeeds Mark Payne, who is retiring after 32 years of UP service. UP also named Tom Lischer the general superintendent of its Houston Service Unit, the position previously held by Mr. McGavock. (ffd: UP RR)

CORRECTIONS:

Please note the following concerning items in last week's edition:

Re "Signal and switching problems on the line between New York and Albany resulting in Amtrak canceling its Empire Service trains between those cities." This was reported in another rail industry publication, however, a CSX employee who reads WRR reports that, "Amtrak was having severe brake problems on its Amfleet I equipment causing air leaks, thus brakes coming on. It had something to do with an air gasket that wasn't suited to temps as low as they were that day."

Re "BNSF...no longer required by U.S. Securities & Exchange Commission (SEC) rules to publicly report detailed financial data." This was incorrect. WRR Reader Larry Kaufman reports that, "BNSF no longer files data with the STB, but it continues to file financial data with the SEC because it still has debt in public hands." BNSF does not file an annual report to stockholders with financial statements, because there is no stock available to be bought or sold.

Re CSX fourth quarter results: I had reported that CSX had 4th Qtr., 2010 revenues "of \$2.186 billion versus \$2.320 billion [in the 4th Qtr., 2009]...an increase of 21 percent." In fact, it is the reverse: fourth quarter revenues were \$2.320 billion versus \$2.186 billion earlier – which indeed is an increase of 21 percent.

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BE SAFE AND PROSPER,

Dave Mears