

WEEKLY RAIL REVIEW

FOR THE 7 DAYS ENDING FRI, MARCH 7, 2008

BY DAVE MEARS

(NOTE: A little late with this edition, but the next – the current one – will follow later today.)

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

(SUN) Canadian National suffered an on-duty employee fatality. Michel Ouelett, Age 53 with 34 years' railroad service, was killed while he was in the process of replacing a coupler knuckle. The accident happened near Charny, QB. (ffd: wire services)

(SUN) Canadian Minister of Transport Lawrence Cannon announced that a bill amending the Canada Transportation Act had become law. Among other changes, the legislation removes a requirement that the Canadian Transportation Agency be satisfied a shipper would suffer "substantial commercial harm" before granting a remedy; provides final offer arbitration to groups of shippers on rate issues or conditions for moving freight in certain circumstances; and requires railroads to publish a list of sidings available for grain car loadings and also provide 60 days notice before removing such sidings. "The amendments balance the needs of both parties and sets a clear course for our rail transportation system to meet the economic challenges of the future," said Mr. Cannon. (ffd: Progressive Railroading)

(SUN) An earlier on-duty injury to a De Queen & Eastern Railroad locomotive engineer became a fatality. Larry Green, Age 59, succumbed to injuries he sustained on October 18 of last year when his locomotive collided with a truckload of logs at a crossing near Wright City, OK. Mr. Green had been in a semi-comatose state since the accident. (ffd: Texarkana Gazette)

(MON) The Executive Director of the New York State Metropolitan Transportation Authority, Elliot Sander, offered a "40-Year Transportation Vision" for his agency. Among the transit and rail improvements predicted by Mr. Sander are: an extension of the full-length Second Avenue Subway to West Harlem, Bronx, Queens and Brooklyn; greater funding for transportation projects from congestion pricing; Metro North commuter rail service accessing Penn Station; a second AirTran service, between LaGuardia Airport and the Long Island Rail Road at Woodside; and new rail transit services for Staten Island. Mr. Sander made his predictions during his "State of the MTA" address. (ffd: Railway Age, RT&S)

(MON) TTX, the former Trailer Train, unveiled a new logo and position line that it said "reflected the company's position in the rail industry." The new logo features the "TTX" letters in a Tuscan Red color to honor the longtime paint scheme of the company's founder, the Pennsylvania Railroad. The logo is paired with the words, "Forwarding Thinking." (ffd: TTX Corp., Progressive Railroading)

(MON) Amtrak announced that it would celebrate the first-ever "National Train Day" with six weeks of events culminating on May 10. Observances leading up to May 10 will include special promotions, events, partnerships, and an advertising campaign, and culminate with celebrations at four Amtrak stations: Chicago IL, Los Angeles CA, New York NY, and Washington DC. May 10 was selected as that was the date, in 1869, that the transcontinental railroad was joined at Promontory Point, UT. (ffd: Trains)

(MON) Three of the nation's Class 1 railroads were named to a list of the top 100 U.S. corporations in terms of corporate responsibility. BNSF, Norfolk Southern, and Union Pacific all were named to the list by the editors of Corporate Responsibility Officer Magazine. Companies were rated in eight categories, including climate change, employee relations, environment, financial, governance, human rights, lobbying and philanthropy. (ffd: AAR)

(MON) The Chicago Transit Authority started installation of new farecard machines that will accept credit and debit cards. A CTA

spokesman said that the first five machines were being installed at the O'Hare International Airport Station on the CTA Blue Line and that the similar machines would be installed at more than 45 CTA subway stations over the next four months. (ffd: Chicago Tribune)

(TUE) Canadian National criticized the Canadian Transportation Agency's recent ruling ordering rail grain rates cut by 8 percent under a revenue cap retroactive to August 1, 2007. The railroad referred to the Agency's order as "creeping re-regulation" that would ultimately cause CN to "review its investment decisions in grain transportation and to restructure its services for the sector." "With the latest [Agency] decision, the government of Canada is effectively transferring from one sector of the economy – railways – to another – farmers," said a CN spokesman. (ffd: Railway Age)

(TUE) Texas state officials announced the discovery of a buried railroad tank car filled with thousands of gallons of liquid, including a deteriorated form of the banned pesticide DDT. The car was discovered during excavations for a parking lot at the Port of Galveston, TX. Port officials, who speculated the car may have been buried as long as 50 years ago, said that they would drain the car of its contents and safely dispose of them, but that they would likely leave the car where it now rests. (ffd: Galveston Daily News)

(TUE) Planners intent on building the National Railroad Hall of Fame in Galesburg, IL announced scaled-back plans. Earlier plans called for a \$60 million campus near I-74, but a feasibility study concluded that a downtown location could draw almost as many visitors and for one-half the construction and development costs. A spokesman said that plans call for the scaled-down, \$30 million, 40,000-square-foot complex to include interactive exhibits and a central hall that would look and feel like a railroad station concourse. (ffd: Galesburg Register-Mail, Trains)

(WED) The Wisconsin & Southern Railroad suffered an on-duty employee fatality. Frederick Phelps, Age 55, was killed when a boxcar he was switching derailed and crushed him. The accident happened in Random Lake, WI. (ffd: Fon du Lac Reporter)

(WED) At a special hearing of the U.S. House Transportation & Infrastructure Committee, representatives of CSX and the Children's Investment Fund hedge fund traded accusations as to the effectiveness of CSX management and the actual intent of the fund managers. Snehal Amin of TCI, which is chartered in the Cayman Islands, said that it did not want to control CSX but did want "to help the company reach its full potential...". CSX Chair Michael Ward countered that the fund mainly wants CSX to stop its growth and borrow a lot of money and run down its credit rating so the fund can cash out in a few years and leave a mess behind. TCI and allied interests own approximately 15 percent of the CSX stock and have announced their intention to propose five new directors for the company's board at its annual meeting in May. (ffd: Trains)

(WED) The Mayo Clinic of Rochester, MN filed comments with the Surface Transportation Board related to Canadian Pacific's proposed takeover of the Dakota, Minnesota & Eastern Railroad. In its comments, the Clinic called for the STB to mandate track repairs to the DM&E line through Rochester "to make the railroad safer." Long opposed to the DM&E's plan to expand to Wyoming's Powder River Basin coal fields, based on the premise that the expansion will bring an increase in trains through Rochester, the Clinic's comments are considered by some industry analysts to be a resignation that CP's takeover of the DM&E will likely be approved. (ffd: Trains)

(WED) In an unusual recognition, the Association of America Railroads and its member railroads were honored for their work in the field of suicide prevention. "The single largest cause of fatalities on railroads is trespassing," said an AAR spokesman. "We hope to be able to significantly reduce the number of fatalities on railroad tracks." The award was given to the AAR by the Suicide Prevention Action Network. (ffd: AAR)

(WED) Seattle, WA officials announced that renovation work to the city's King Street Station would shortly resume following resolution of a liability issue. The city agreed to assume liability following BNSF giving it the building for a \$10 check, representing nominal consideration. "It's a donation," said a BNSF spokesman. Forthcoming renovations, which are projected to be complete by 2011, include removing communication dishes and towers, restoring the original roof, refurbishing the station's grand staircase, and removing the false ceiling above the waiting room and restoring the original vintage floral-patterned plaster ceiling concealed for nearly four decades. (ffd: Seattle P-I News)

(THU) Officials of the State of Maine threatened a takeover of Pan Am Railways unless it improves freight service. State lawmakers claim that Pan Am is offering poor freight service, which it said is making Maine manufacturers less competitive. A spokesman for Pan Am Railways, the former Guilford Rail, said that they are puzzled by the state's claim, adding that the railroad has received no service complaints from Maine shippers and that it is the only company that "has been able to safely and profitably operate rail lines in the state for 30 years." (ffd: Blethen Maine Newspapers, Trains)

(THU) The U.S. Surface Transportation Board reported Class 1 railroad return on net investment for 2007. As a group, the seven Class 1's, including the U.S. operations of Canadian National and Canadian Pacific, collectively earned a return of 10.86 percent in 2007, up slightly from the 10.15 percent they earned in 2006. Norfolk Southern led with 13.42 percent, followed by Union Pacific with 11.36 percent, BNSF with 10.67 percent, Kansas City Southern with 10.14 percent, and CSX with 7.75 percent. (ffd: STB, Railway Age)

STATS – "BIG 7" TRAFFIC

(NOTE: Canadian traffic includes that on the U.S. operations of Canadian National and Canadian Pacific.)

(THU) For the week ending March 1, 2008, U.S. rail volume grand totaled 34.9 billion ton-miles, up 5.4 percent from the comparable week last year. U.S. carload rail traffic was up 3.9 percent, down 2.2 percent in the East, but up 8.8 percent in the West. Also for the week, U.S. intermodal rail traffic was down 5.8 percent, Canadian carload rail traffic was up 1.8 percent, and Canadian intermodal rail traffic was up 8.0 percent.

For the month of February, 2008 and compared with February, 2007, U.S. carload rail traffic was up 2.7 percent. Notable traffic increases included metallic ores up 40.1 percent, grain up 24.5 percent, coal up 5.7 percent; notable traffic decreases included coke down 34.6 percent, lumber and wood products down 19.3 percent, and crushed stone, sand and gravel down 6.9 percent. Also for the month, U.S. intermodal rail traffic was down 3.4 percent, Canadian carload rail traffic was up 4.2 percent, Canadian intermodal rail traffic was up 7.1 percent, Mexico's Kansas City Southern de Mexico's carload rail traffic was down 2.2 percent, and KCSM's intermodal rail traffic was up 18.4 percent.

For the period January 1 through February 29, 2008, U.S. rail volume grand totaled 296.1 billion ton-miles, up 2.8 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was up 1.7 percent, U.S. intermodal rail traffic was down 3.4 percent, Canadian carload rail traffic was up 0.1 percent, Canadian intermodal rail traffic was up 8.3 percent, KCSM's carload rail traffic was down 1.2 percent, and KCSM's intermodal rail traffic was up 14.5 percent. (ffd: AAR)

MORE STATS – "BIG 7" (EXCEPT CN) 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 29, 2008 versus the comparable week last year, average total cars on line was as follows: BNSF, 227,028 cars versus 223,136 cars; Canadian Pacific, 83,049 cars versus 80,801 cars; CSX, 219,091 cars versus 227,961 cars; Kansas City Southern, 28,229 cars versus 28,805 cars; Norfolk Southern, 198,437 cars versus 211,509 cars; and Union Pacific, 307,314 cars versus 306,377 cars.

Also for the week ending February 29, 2008 versus the comparable week last year, average train speed was as follows: BNSF, 24.1 mph versus 23.4 mph; Canadian Pacific Railway, 22.8 mph versus 23.2 mph; CSX, 20.8 mph versus 19.5 mph; Kansas City

Southern, 24.9 mph versus 23.2 mph; Norfolk Southern, 21.5 mph versus 19.2 mph; and Union Pacific, 22.5 mph versus 21.9 mph.

Finally for the week ending February 29, 2008 versus the comparable week last year, average terminal dwell time was as follows: BNSF, 26.2 hrs versus 23.1 hrs; Canadian Pacific Railway, 25.7 hrs versus 25.3 hrs; CSX, 21.8 hrs versus 25.1 hrs; Kansas City Southern, 21.5 hrs versus 24.2 hrs; Norfolk Southern, 20.8 hrs versus 23.5 hrs; and Union Pacific, 25.2 hrs versus 24.9 hrs. (ffd: AAR)

STILL MORE STATS – SAFETY:

The U.S. Federal Railroad Administration released preliminary rail safety statistics for the Full Year 2007. FRA reported that there were 2,547 reportable train accidents, a 14 percent decline from the 2,953 in 2006. FRA also reported a decline in two other categories: trespasser fatalities declined to 486, compared with 518 the previous year, and highway-rail crossing fatalities declined to 339, compared with 369 the previous year. However, FRA also reported that the number of accidents involving release of hazardous materials increased to 71, compared with 28 the previous year. (ffd: FRA)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Unitrac Railroad Materials of Knoxville, TN, a subsidiary of Healy Railroad Corporation, announced that it had acquired Donovan EDH and Trackwork Solutions of Danvers, IL. Unitrac is a manufacturer of specialty trackwork items. (ffd: RT&S)

(THU) Hatch Mott MacDonald, an infrastructure, transportation and environmental engineering company, announced that it had acquired Railroad Technology Incorporated, a railroad and rail transit specialty firm based in Sacramento, CA. (ffd: Progressive Railroading, RT&S)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Kansas City Southern appointed Brian Bowers its SVP-Intermodal and Automotive. Mr. Bowers was most recently with Schneider National. (ffd: KCS Corp.)

(MON) Montreal, Maine & Atlantic Railway appointed Joseph McGonigle its VP-Sales & Marketing. Mr. McGonigle, who started his railroad career with the Baltimore & Ohio Railroad, succeeds Richard Rushmore, who will retire effective March 31. (ffd: wire services)

(WED) The Association of American Railroads appointed John Gray its VP-Policy & Economics. Mr. Gray, who was most recently with the Union Pacific Railroad, succeeds Craig Rockey, who recently retired after 30 years' service with the AAR. (ffd: AAR)

(THU) Kansas City Southern appointed Michael Upchurch its SVP-Financial Management & Purchasing. Mr. Upchurch was most recently with Sprint Nextel. (ffd: KCS Corp.)

(FRI) Kansas City Southern announced the following appointments: David Ebbrecht as VP-Transportation; Jeff Crandall as VP-Engineering; and Mitchell Whitmire as GM-Locomotive Operations. Kansas also realigned its three operating divisions and appointed new general managers, as follows: Kevin McIntosh as GM of the Midwest Division; Claud Friesland as GM of the Southeast Division; and Mark Redd as GM of the Texas Division. (ffd: KCS Corp.)

(FRI) Metro North Railroad announced that its president, Peter Cannito, would retire in July. Mr. Cannito has been president of MNRR since June, 1999. (ffd: Mid-Hudson News, MTA, Railway Age)

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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

Cherry Hill, New Jersey, USA