

## WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, APRIL 30, 2010

BY DAVE MEARS

(NOTE: Whew! Finally a chance, past business urgencies, to return to writing this. As always when this occasions to happen, I thank you very much for your patience and will issue editions over the next several days until fully caught up.)

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

(MON) The New York City Transit Authority suffered an on-duty employee fatality. James Knell, a maintenance-of-way supervisor, was killed while working on the subway line out to Far Rockaway in Queens. Mr. Knell was believed to have tripped and come in contact with the electrified third rail. At his funeral mass later that week, several of his fellow track workers wore their orange safety vests over their suits and ties in a gesture of respect. (ffd: New York Daily News)

(MON) The Surface Transportation Board agreed to postpone action on the Montreal, Maine & Atlantic's recent application to abandon approximately 233 miles of line in northern Maine. The STB also said that it would help conduct mediation talks between the Maine Department of Transportation and the railway, so that a plan to continue the lines in operation could be developed. (ffd: Business Week, wire services)

(MON) The U.S. Department of Transportation's Bureau of Transportation Statistics announced that it would expand its portfolio of transportation indicators to include a table on freight rail yields. The monthly table will tabulate freight railroad revenue per ton-mile. This increases the total number of transportation indicators tracked by USBTS to 21. (ffd: Progressive Railroading, USDOT)

(TUE) The Association of American Railroads released a study noting the economic benefits of installing Positive Train Control (PTC) to be substantially lower than what some shipper groups, notably the Chlorine Institute, have claimed. The study, conducted by the Oliver Wyman firm, pegged industry PTC benefits at \$413.2 million over 20 years versus expected costs of between \$7 billion and \$24 billion over that time. The Chlorine Institute had earlier stated that PTC would bring \$5 billion in benefits and suggested that undervaluing benefits by railroads would enable them to pass on more costs to shippers through higher rates. (ffd: AAR, Dow Jones Newswire)

(TUE) CSX CEO Mike Ward said the U.S. must make a "renewed and aggressive" national commitment to modernize its infrastructure in order to maintain its leading position in the global economy. "Other nations are making serious forward-looking investments," said Mr. Ward. The U.S. needs to do the same and [also] do a better job of maintain the strong but aging systems we already have in place." Mr. Ward made his comments at the Milken Institute Global Conference in Los Angeles, CA. (ffd: Progressive Railroading)

(TUE) Southeastern Michigan officials have said that they believe a proposed commuter rail service between Detroit and Ann Arbor will be delayed indefinitely due to a lack of funding. The officials said that they needed another \$40 million to \$50 million to start service. They added that they eventually hope to offer round trips daily between Detroit and Ann Arbor, with stops in Dearborn, Ypsilanti and Detroit Metropolitan Airport. (ffd: Detroit News)

(WED) The New York City Transit Authority suffered another on-duty employee fatality, the second in one week, although this one was not work-related. Domenick Occhiogrosso dropped dead in the control compartment of the subway train he was operating on the system's G Line. The train's "dead-man's control" feature halted the train when Mr. Occhiogrosso failed to respond to it. (ffd: New York Times)

(WED) The Surface Transportation Board called into question Canadian National's report of crossings blocked for more than 10 minutes on its newly-acquired Elgin, Joliet & Eastern line. CN's report indicated that, in November and December, 2009, it had blocked crossings on that line, and for that length of time, on 14 occasions. However, an independent audit stated that it had blocked crossings in that manner on 1,457 occasions. (ffd: Chicago Tribune)

(WED) A report by the IHS Global Insight firm predicted that world trade by all modes of transportation was expected to grow 8.5 percent in 2010. The report stated that "carriers are beginning to respond to an upturn in cargo volume by increasing capacity." The report additionally predicted world trade to grow 7.8 percent in 2011. (ffd: Global Insight, Progressive Railroading)

(WED) New York's Metropolitan Transportation Authority approved a \$1 billion deal to develop the air rights over the Long Island Rail Road's West Side Yards in Manhattan. The 26-acre site, which is Manhattan's largest remaining plot of undeveloped, privately-held land, locates between 30th and 33rd Streets near the Javits Convention Center. (ffd: MTA)

(THU) Canadian National and the Halifax Port Authority announced an agreement that it said would "enhance the port's role as a preferred gateway on the [North American] east coast." The agreement establishes performance standards for Halifax Gateway partners – CN, the Halifax Port Authority, Cerescorp, and the Halterm Container Terminal – regarding times for loading and unloading containers between vessels and cars, the timing and placement of rail cars at the terminal, and CN transit times to key markets in eastern and central Canada and the U.S. Midwest. (ffd: CN Corp.)

(FRI) Amtrak noted several capital improvement projects underway this year on its Northeast Corridor Line. These projects include replacement of the Niantic River Bridge in East Lyme, CT; continued replacement of the catenary system on the Hell Gate Line between New York, NY and New Rochelle, NY; and a major rebuilding of its Wilmington, DE rail station. Amtrak said that it is this year spending \$420 million from its Fiscal Year 2010 and \$590 million in funding from the American Recovery & Reinvestment Act (ARRA) for these and other infrastructure projects. (ffd: Amtrak)

(FRI) Dallas Area Rapid Transit (DART) announced completion plans for the final sections of its Green Line light rail line. DART officials said that it would open the first part of the Green Line on September 14 of this year, and that it will open the final two sections in December. The December opening will complete the 20-station, 28-mile, \$1.8 billion project. (ffd: Progressive Railroading)

#### STATS – CLASS I RAIL TRAFFIC:

(THU) For the week ending April 24, 2010, U.S. carload rail traffic was up 14.6 percent from the comparable week last year, up 17.9 percent in the East and up 12.3 percent in the West. All 19 carload commodity groups showed increase, notably metallic ores up 163.0 percent, metals and metal products up 80.2 percent, and waste and scrap materials up 59.7 percent. Also for the week, U.S. intermodal rail traffic was up 15.1 percent, Canadian carload rail traffic was up 22.5 percent, Canadian intermodal rail traffic was up 10.1 percent, Mexican carload rail traffic was up 27.3 percent, and Mexican intermodal rail traffic was up 4.8 percent.

For the period January 1 through April 24, 2010, U.S. rail volume grand totaled 488.5 billion ton-miles, up 5.6 percent from the comparable period last year. Also for the week, U.S. carload rail traffic was up 4.6 percent, U.S. intermodal rail traffic was up 9.5 percent, Canadian carload rail traffic was up 17.7 percent, Canadian intermodal rail traffic was up 8.7 percent, Mexican carload rail traffic was up 23.3 percent, and Mexican intermodal rail traffic was up 37.0 percent. (ffd: AAR)

(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 CONTINUED – 1ST QTR., 2010 RESULTS:

(TUE) Norfolk Southern reported the following results for the First Quarter 2010 versus the First Quarter 2009: Revenues of \$2.238 billion versus \$1.943 billion earlier, an increase of 15.2 percent; operating income of \$555 million versus \$383 million earlier, an increase of 44.9 percent; net income of \$257 million versus \$177 million earlier, an increase of 45.2 percent; and an operating ratio of 75.2 percent versus 80.3 percent earlier, an improvement of 5.1 percentage points. (ffd: NS RR)

(WED) Canadian Pacific Railway reported the following results for the First Quarter 2010 versus the First Quarter 2009: Revenues of C\$1.1668 billion versus C\$1.1096 billion earlier, an increase of 5.2 percent; operating income of C\$205.0 million versus C\$132.2 million earlier, an increase of 55.1 percent; net income of C\$99.8 million versus C\$57.3 million, an increase of 74.2 percent; and an operating ratio of 82.4 percent versus 88.1 percent earlier, an improvement of 5.9 percentage points. (ffd: CPR RR)

(WED) Kansas City Southern reported the following results for the First Quarter 2010 versus the First Quarter 2009: Revenues of \$436.3 million versus \$346.0 million earlier, an increase of 26.1 percent; operating income of \$108.2 million versus 47.6 million earlier, an increase of 127.3 percent; net income of 32.6 million versus a net loss of \$8.1 million earlier; and an operating ratio of 75.2 percent versus 86.2 percent earlier, an improvement of 11.0 percentage points. (ffd: KCSR RR)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(TUE) The Escanaba & Lake Superior filed to abandon approximately 43 miles of line between Ontonagon and Sidnaw, MI. (ffd: STB)

(THU) CSX and Canadian Pacific announced plans for a joint-use corridor utilizing CSX's line between Fresh Pond Jct., NY and Albany, NY, and CPR's former Delaware & Hudson line between Albany, NY and the international border crossing at Rouses Point, NY. Per their filing with the STB, CPR would operate all trains between Saratoga Springs, NY and Rouses Point, and both railroads would operate between Albany and Saratoga Springs. The arrangement also calls for CSX to handle certain CPR traffic moving between Albany and Fresh Pond Jct.; CPR to increase service frequency between Montreal and Fresh Pond Jct.; and CPR to retain trackage rights between Albany and Fresh Pond Jct. (ffd: CSX RR, Progressive Railroading, Trains)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(SAT) Bill Moedinger passed away at Age 97. Mr. Moedinger was the last survivor of the original investor group that acquired and rehabilitated Pennsylvania's Strasburg Railroad into what Trains Magazine has referred to as "one of the top steam tourist railroads of the world." Mr. Moedinger was the Strasburg's president for 17 years and is survived by his son Linn, who is now the Strasburg's president and chief mechanical officer. (ffd: Trains)

(MON) Richard Latini was noted to have passed away on April 13. Mr. Latini was a longtime principal in rail car sales and leasing, and was most recently with Babcock & Brown's North American Rail Group. (Editor's Note: We extend our sympathies to the family of Mr. Latini, who was a longtime Weekly Rail Review reader.)

(MON) Shortline holding company Patriot Rail appointed Dan Kisner to the newly created position of Director-Fleet Management & Mechanical. Mr. Kisner was most recently VP-Motive Power Leasing for CIT Rail. (ffd: Progressive Railroading)

(WED) The National Association of Railroad Passengers announced that it was awarding this year's Gary Burch Memorial Safety Award to James Oberstar (D-MN), the chair of the U.S. House Transportation & Infrastructure Committee. A NARP spokesman said that Mr. Oberstar was being honored "for his work as the primary sponsor of the Railroad Safety Improvement Act of 2008."

(ffd: NARP, Progressive Railroading)

(THU) CSX appointed Cressie Brown its VP-Service Design & Advance Technology. Ms. Brown succeeds Alan Blumenfeld, who is retiring. Succeeding Ms. Brown is Susan Arko, who was most recently CSX AVP-Customer Service Operations. (ffd: CSX RR, Progressive Railroading)

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Dave Mears

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