

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, MAY 11, 2012

BY DAVE MEARS

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

(MON) Amtrak updated that it is continuing its program to equip its conductors with smartphones capable of scanning passenger tickets. Amtrak said that the use of smartphones by conductors will allow passengers to be able to print tickets or load a special bar code on their smartphone screens for conductors to scan, and also allow conductors to better manage their train passenger counts. (Ref: New York Times)

(MON) Iowa Pacific Holdings announced a new partnership with Rail Logistics Corporation to manage, operate and market Iowa Pacific's refrigerated box car fleet. Iowa Pacific presently owns 150 such cars and has ordered 100 additional cars, which will be added to their fleet in 2013. (Ref: Railway Age)

(TUE) The Association of American Railroads presented Harriman Safety Awards for 2011. Norfolk Southern won in the over 15 million annual man-hours category; Kansas City Southern won in the four million to 15 million category; Genesee & Wyoming's Buffalo & Pittsburgh Railroad won in the 250,000 to four million category; and U.S. Steel's Union Railroad won in the less than 250,000 category. The AAR has announced that these awards, which were first presented in 1913, will be retired after this year and be replaced by a safety recognition program still in development. (Ref: AAR, Progressive Railroading)

(WED) The Surface Transportation Board announced that the Michigan Department of Transportation did not need board approval to acquire NS's line between Detroit and Kalamazoo, MI. The state agency agreed to purchase the line several months ago to facilitate \$346 million in federal grants to upgrade the line for passenger rail service of up to 110-mph. (Ref: STB)

(THU) U.S. Secretary of Transportation Ray LaHood announced revisions to the regulations governing installation of Positive Train Control as mandated by the Railway Safety Improvement Act of 2008. Under the revisions, which Mr. LaHood said were the result of a government-wide review of regulations that were "...unnecessary, out-of-date, excessively burdensome or overly costly...", railroads will no longer have to conduct risk analyses to obtain approval to not install PTC or take other costly risk mitigation measures on an estimated 10,000 miles of track that will not carry passenger trains nor toxic-by-inhalation (TIH) traffic after December, 2015. He added that this should represent a savings to railroads of approximately \$335 million over five years and approximately \$775 million over 20 years. (Ref: FRA, Progressive Railroading, wire services)

(THU) The Federal Railroad Administration announced an agreement to provide for a new West Detroit Connection Track that it said would eliminate a rail traffic bottleneck by separating passenger and freight train movements. Currently, both passenger and freight trains operate via a connection at Bay City Junction. FRA will administer \$7.9 million in federal funding for the project, which will be matched by \$7.9 million from the State of Michigan. (Ref: USDOT)

(FRI) Officials involved with the long-planned conversion of Manhattan's Farley Post Office Building to the new Moynihan Station announced that the first contract for the project had been awarded. The contract, to Skanska USA Civil Northeast and valued at \$147.7 million, starts the first phase of the project. The project, which intends the new station as the replacement to the existing Pennsylvania Station for intercity passenger trains and some commuter trains, is expected to total \$1 billion in cost and take several years to complete. (Ref: PANYNJ, Railway Age)

(FRI) Norfolk Southern announced its new "Protect The Line" security program. Under the program, which is similar to BNSF's Citizens For Rail Security initiative, the general public can report immediately to NS Police any suspicious activity related to

equipment maintenance, track obstructions, trespassing, vandalism, suspicious items and vehicles, and terrorism. Interested persons may become a member of the program at protecttheline.com. (Ref: NS RR)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) The Association of American Railroads reported that, for the week ending May 5, 2012 and ranked with the comparable week last year:

-U.S. carload rail traffic totaled 276,136 units, down 2.0 percent

-Notable U.S. carload traffic increases included petroleum products up 47.0 percent, motor vehicles and equipment up 31.2 percent, and lumber and wood products up 23.1 percent; notable traffic decreases included grain down 22.7 percent, non-grain farm products down 11.9 percent, and coal down 10.1 percent

-U.S. intermodal rail traffic totaled 239,031 units, up 3.0 percent

-Canadian carload rail traffic totaled 81,102 units, up 4.1 percent

-Canadian intermodal rail traffic totaled 54,659 units, up 9.4 percent

-Mexican carload rail traffic totaled 13,943 units, up 0.1 percent

-Mexican intermodal rail traffic totaled 8,522 units, up 9.7 percent

For the period January 1 through May 5, 2012 and ranked with the comparable period last year:

-U.S. carload rail traffic totaled 5,068,331 units, down 3.2 percent

-U.S. intermodal rail traffic totaled 4,114,427 units, up 2.8 percent

-Canadian carload rail traffic totaled 1,386,842 units, up 4.8 percent

-Canadian intermodal rail traffic totaled 898,862 units, up 7.9 percent

-Mexican carload rail traffic totaled 244,534 units, down 4.7 percent

-Mexican intermodal rail traffic totaled 159,437 units, 22.5 percent

Note: Canadian traffic totals include that traffic on U.S. operations of the Canadian National and Canadian Pacific Railways.

STATS CONTINUED – FIRST QTR., 2012 RESULTS:

(MON) BNSF owner Berkshire Hathaway reported that the railroad had 1st Qtr., 2012 earnings of \$701 million, compared with \$607 million in the first quarter last year. Speaking at the Berkshire Hathaway annual meeting, BNSF CEO Matt Rose noted that, concerning BNSF's traffic base, "...coal is the one storm cloud we're dealing with...the coal markets have been traumatized with low natural gas prices and very mild weather." (Ref: Railway Track & Structures)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) HDR Inc. announced its acquisition of Stetson Engineering. Based in Gillette and Riverton, WY, Stetson Engineering specializes in design, engineering and consulting services related to water, sewer, storm sewer, hydrology and transportation. (Ref: Railway Age)

(MON) Iowa River Railroad filed with the Surface Transportation Board to abandon approximately 35 miles of line between Marshalltown and near Steamboat Rock, IA. (Ref: STB)

(TUE) SteelRiver Infrastructure Partners, a San Francisco-based investment management firm, announced its acquisition of the short line holding company Patriot Rail. The Patriot Rail family includes 13 short lines that operate in a total of 13 U.S. states. (Ref: Railway Age, wire services)

(FRI) Columbus & Chattahoochee Railroad filed with the Surface Transportation Board to lease, from Norfolk Southern, and operate approximately 26 miles of line between Girard and Mahrt, AL. The railroad is the newest addition to the Genesee & Wyoming family of short line and regional railroads. (Ref: Stamford Advocate, STB)

(FRI) Kingman Terminal Railroad filed with the Surface Transportation Board to operate approximately three miles of line in the Kingman Airport and Industrial Park in Kingman, AZ. (Ref: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Canadian National announced the following appointments: Keith Reardon, most recently VP-Supply Chain Solutions, as VP-Intermodal Services; Vee Kachroo, most recently VP-Industrial Products, as VP-Supply Chain Solutions; Doug MacDonald, most recently VP-Corporate Marketing, as VP-Industrial Products; and Fiona Murray, most recently AVP-Industrial Products, as VP-Corporate Marketing. (Ref: CN RR, Progressive Railroading)

(MON) Related to the Steelriver-Patriot Rail transaction reported in the above section, John Fenton resigned as CEO of Southern California commuter rail operator Metrolink to become the CEO of Patriot Rail. Mr. Fenton succeeds Gary Marino, who has announced his intention to retire upon completion of work consulting to Patriot Rail. (Ref: Los Angeles Times, wire services)

(MON) Kansas City Southern appointed Michael Naatz as Senior Vice-President and Chief Information Officer. Mr. Naatz was most recently the president of USF Holland. (Ref: KCS RR, Kansas City Star)

(MON) Chicago, South Shore & South Bend Railroad appointed Bruce Kehe its Chief Mechanical Officer. Mr. Kehe succeeds Gary Lied, who has announced his intention to retire. (Ref: Progressive Railroading)

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Have a Railroad Safe Day,

Dave Mears