

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING SAT, MAY 13, 2006

BY DAVE MEARS

(A little bit late to you this week, due to there being a lot of news worth reporting.)

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

(SUN) CBS's "Sunday Morning" television program included a feature on CSX's "Folkestone Funnel." The feature, hosted by the program's humorist commentator Bill Geist, included interviews with persons watching trains from the viewing platform next to the line in Folkestone, GA. Located in southeastern Georgia, the "Funnel" is just south of where CSX's main lines from the northwest and northeast converge and is one of the railroad's busiest stretches of track. (ffd: CBS News)

(MON) BNSF and Union Pacific announced that they would construct more than 40 miles of third and fourth main on their joint line serving Wyoming's Powder River Basin coal fields. A spokesman for the two companies noted that this new project is in addition to the construction of 14 miles of third main completed in the spring of 2005 and also additional to 19 miles of third main currently under construction. The spokesman added that the cost of these projects is expected to total \$200 million, which will be split between BNSF and UP. (ffd: wire services)

(MON) The chief executives of three national electric utility associations told the Federal Energy Regulatory Commission that poor rail service is threatening to disrupt the nation's supply of electrical energy. The executives told regulators that coal stockpiles were "seriously depleted" as a result of the railroads not being able to keep pace with demand. The executives asked that FERC hold a public forum on railroad coal delivery challenges and their effect on electrical energy reliability. (ffd: Traffic World)

(MON) The Wall Street Journal reported that officials of New Orleans, LA and Amtrak were "far apart" related to the use of Amtrak trains to evacuate city residents prior to hurricanes. New Orleans officials announced the previous week that they would use Amtrak trains for evacuation, but an Amtrak spokesman said that they have few spare passenger cars and were also concerned as to how hospital and nursing home patients evacuated on stretchers would be accommodated on trains. The paper quoted former Amtrak president David Gunn, who was in charge of Amtrak when Hurricane Katrina struck New Orleans, as saying that "any evacuation plan that relies heavily on Amtrak trains is nonsense...There is no substance if you don't have equipment." (ffd: Wall Street Journal)

(MON) The State of Virginia and Norfolk Southern announced that a new intermodal terminal would be constructed near Roanoke, VA within 3 years. A spokesman said that the state would provide \$18 million in funding for the new terminal and that NS would pay the rest. The spokesman added that the terminal was being included as part of NS's publicly and-privately-funded Heartland Corridor project, which will raise clearances on NS's line between Ohio and Virginia's Atlantic ports to accommodate double-stack trains. (ffd: RT&S)

(MON) A report noted that container traffic through the country's major container ports grew in March, 2006 by 20 percent over the previous March. The report, issued by the National Retail Federation, totaled container traffic through the ports of Los Angeles-Long Beach, Oakland, Tacoma and Seattle on the West Coast and the ports of New York-New Jersey, Hampton Roads, Charleston, and Savannah on the East Coast. The report also said that congestion at these ports was presently low and that the outlook for the coming peak season is for continued good performance. (ffd: wire services)

(MON) Minneapolis, MN officials announced that they had reached agreement with BNSF concerning commuter rail service between Big Lake, MN and Minneapolis. A city spokesman said that, under the agreement, the State of Minnesota and the Northstar Corridor Development Authority will pay BNSF \$107.5 million for necessary capital improvements and operating rights. The spokesman added that final federal approval is expected later this year, with construction to start in 2007 and service to start in 2009. (ffd: wire services)

(MON) The U.S. Department of Transportation announced that the new National Transportation Surface Transportation Policy and Revenue Study Commission would hold its first meeting on May 24. The new commission is tasked with preparing recommendations to Congress for surface transportation policy for the next transportation bill, and beyond. The commission is composed of 12 members and will be chaired by Secretary of Transportation Norman Mineta. (ffd: Traffic World)

(MON) The Massachusetts Bay Transportation Authority announced that it was concluding testing and would begin implementing a new "crystal-clear" public address system for MBTA commuter rail and "T" subway stations. A MBTA spokesman said that new system announces when a train is approaching a station, is delayed, or is canceled, and will be synchronized with station electronic message boards. A rider who had just heard one of the new announcements commented to a reporter, "[Hearing it] was just unexpected. Just hearing that gave me hope for the future of the system." (ffd: Boston Globe)

(MON) The Canadian Northern Society announced that the official opening of the new Canadian Railway Hall of Fame Pavilion was now scheduled for Saturday, May 27. The pavilion is located in an outdoor, interpretive center in the Village of Big Valley, Alberta. A spokesman said that the Hall of Fame is led by the Railway Association of Canada and commemorates "leaders, heroes, technologies, and communities that play a part in the operation of our country's railway networks." (ffd: Canadian Northern Society)

(TUE) 16 cars of a BNSF freight train crossing Kansas were blown off the tracks by high winds. The incident, which occurred just east of Belle Plaine, KS, was covered by national news programs. The cars blown off the train, which was enroute to Lubbock, TX, were empty double-stacks. The BNSF line temporarily closed by the incident was reopened on Wednesday. (ffd: wire services)

(TUE) Illinois Governor Ray Blagojevich signed into law the state's new transportation budget, which includes new funding for a significant increase in Amtrak daily short-haul passenger trains serving the state. A state spokesman said that the new funding will permit Chicago-Quincy, IL trains to increase from one to two, Chicago-Carbondale, IL trains to also increase from one to two, and Chicago-St. Louis, MO trains to increase from three to five. The budget doubles annual funding for these trains for to \$24 million from the earlier \$12 million. (ffd: Chicago Tribune, NARP)

(TUE) AAR subsidiary Railinc announced that it would no longer sell or market its RailSync product line. RailSync products include Command, Control and Concur, which were offered for improved rail car event and related data reporting. A Railinc spokesman said that it "is also exploring opportunities to transfer the RailSync suite of services to another party." (ffd:Railinc Corp.)

(WED) The U.S. Transportation Security Administration approved proposed regulations for a new Transportation Worker Identification Card (TWIC). A TSA spokesman said that the TWIC will be a "biometric-based identification credential." The spokesman added that TWIC will initially be issued to U.S. port workers, but that it may also be issued in the future to other transportation workers. (ffd: AAR, JofC Online)

(WED) New Jersey Governor Jon Corzine announced that the state's Transportation Trust Fund had allocated \$500 million for initial construction of a new twin rail tunnel under the Hudson River between New Jersey and Manhattan. Said the Governor, "For a lot of personal reasons, in 2009 there will be a shovel in the ground that year [for the new tunnel]...I am absolutely committed to the project and it will happen." The new tunnel, dubbed the Trans-Hudson Express (THE) Tunnel, will supplement the two existing passenger rail tunnels, now owned and operated by Amtrak, that were built in the early 1900s. The total cost of the new tunnel is expected to total approximately \$5 billion. (ffd: Newark Star Ledger)

(WED) The Chicago Transit Authority governing board approved the first phase of a \$933-million contract for new subway-elevated transit cars. The board approved the initial acquisition of 406 cars, with an option to buy as many as 706 cars. A CTA spokesman said that the first cars should be delivered by early 2009 and noted that the deal was largest single contract the CTA has ever awarded. (ffd: Chicago Sun-Times)

(WED) The Federal Railroad Administration and the Washington Metropolitan Area Transit Authority debuted a new passenger rail car emergency evacuation simulator. A spokesman for ENSCO, who designed and built the simulator, said that it has the capability to roll 180 degrees to simulate a derailed car and will be used "to test new...evacuation strategies and components. The simulator locates at WMATA's Landover, MD emergency response training facility. (ffd: Progressive Railroading)

(WED) Utah state officials announced that the design of the U.S. commemorative 25 cent coin for Utah would honor the 1869 driving of the golden spike at Promontory Point, UT that completed the nation's first transcontinental railroad. Utah Governor Jon Huntsman announced the selection of the design, which Utah residents were earlier polled about. The quarter continues the U.S. Mint's program of crafting a commemorative quarter for each state. (ffd: AAR)

(WED) BNSF announced that selections from its archival photo collection were now available online. A BNSF spokesman said that the photos are organized by predecessor railroad and era, and include images taken as far back as the 1870s. The collection may be viewed at photos.bnsf.com. (ffd: BNSF Corp.)

(FRI) A market research and rating firm stated that the U.S. rail industry "is poised to improve capacity and customer service by increasing capital expenditures." In their report entitled "Railroad Resurgence Fueling Rise in Capital Spending," Fitch Ratings went on to note that the four largest U.S. railroads are projected to spend \$7.3 billion in capital investment in 2006, an increase of 20 percent over 2005 and a 34 percent increase over 2004. The report

when on to note that “with heavy demand and an improved revenue environment, the industry has reached a point where it believes capacity investments will yield required returns.” (ffd: Business Wire, Fitch Ratings)

(FRI) Atlanta, GA regional transit operator MARTA announced that half of its subway stations were now fully converted to its new Breeze farecard collection system. A MARTA spokesman said the new Breeze farecard will offer customers “the convenience of using one card for numerous trips with a variety of payment options and will eliminate the need for tokens and paper bus transfers.” (ffd: RT&S)

(FRI) New Jersey Transit announced that it would again offer its Ozone Pass program. The program allows New Jersey employers the opportunity to offer their employees a \$2.50 round-trip commute within the state on any NJT service on days when it is announced that there is a high amount of ozone in the air. An NJT spokesman said that Ozone Passes are sold in bulk quantities to NJ employers who can either sell or give them to their employees. Employers are notified in advance via fax or email whenever a high ozone day is predicted. (ffd: NJ Transit)

(SAT) The “lost” second golden spike was exhibited for one day only at the California State Railroad Museum. A spokesman for the museum said that this second spike is the twin of the known golden spike used at the May 10, 1869 ceremony completing the U.S. transcontinental railroad and that is kept at Stanford University. The spokesman added that this second spike, which has been authenticated as having been cast at the same time as the known spike, had been quietly kept by the family of David Hewes, a relation of Central Pacific Railroad President Leland Stanford, and was sold by them to the museum in 2005. Plans call for the second spike to be on permanent display at the museum beginning in September. (ffd: Trains)

#### STATS – TRAFFIC:

(NOTE: The Canadian carload and intermodal rail traffic mentioned below includes both the Canadian and U.S. operations of Canadian National and Canadian Pacific Railway.)

(THU) For the week ending May 6, 2006, U.S. rail volume grand totaled 34.0 billion ton-miles, up 1.5 percent from the comparable period last year. U.S. carload rail traffic was up 1.3 percent, up 2.9 percent in the East and up 2.9 percent in the West. Notable traffic increases included grain up 6.3 percent, crushed stone, sand and gravel up 5.5 percent, and coal up 3.4 percent; notable traffic decreases included nonmetallic minerals down 21.3 percent, metallic ores down 14.3 percent, and forest products down 9.4 percent. Also for the week, U.S. intermodal rail traffic was up 6.3 percent, Canadian carload rail traffic was down 1.5 percent, Canadian intermodal rail traffic was up 6.1 percent, Mexico’s Kansas City Southern de Mexico’s carload rail traffic was down 7.1 percent, and KCSM’s intermodal rail traffic was down 13.0 percent.

For the period January 1 through May 6, 2006, U.S. rail volume grand totaled 594.4 billion ton-miles, up 1.5 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was up 0.3 percent, U.S. intermodal rail traffic was up 5.9 percent, Canadian carload rail traffic was down 2.1 percent, Canadian intermodal rail traffic was up 5.0 percent, KCSM’s carload rail traffic was down 6.0 percent, and KCSM’s intermodal rail traffic was down 7.4 percent. (ffd: AAR)

MORE STATS – OPERATING PERFORMANCE:

(NOTE: Effective October 1, 2005, railroads that had been furnished 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 May 6, 2006 and versus the previous week, average total cars on line was as follows: BNSF, 227,232 cars versus 224,900 cars; Canadian Pacific, 82,846 cars versus 82,843 cars; CSX, 223,155 cars versus 223,347 cars; Kansas City Southern, 25,943 cars versus 26,628 cars; Norfolk Southern, 204,728 cars versus 206,269 cars; and Union Pacific, 327,066 cars versus 326,453 cars. (Comparative totals from last year are not yet available.)

Also for the week ending May 6, 2006 and versus the comparable week last year, average train speed was as follows: BNSF, 22.1 mph versus 24.2 mph; Canadian Pacific Railway, 24.7 mph versus 22.3 mph; CSX, 19.8 mph versus 18.8 mph; Kansas City Southern, 24.6 mph versus 23.0 mph; Norfolk Southern, 21.8 mph versus 21.9 mph; and Union Pacific, 20.9 mph versus 21.7 mph.

Finally for the week ending May 6, 2006 and versus the comparable week last year, average terminal dwell time was as follows: BNSF, 24.0 hrs versus 23.9 hrs; Canadian Pacific Railway, 20.0 hrs versus 28.2 hrs; CSX, 30.4 hrs versus 30.5 hrs; Kansas City Southern, 20.7 hrs versus 23.6 hrs; Norfolk Southern, 21.7 versus 23.3 hrs; and Union Pacific, 27.7 hrs versus 27.6 hrs. (ffd: AAR)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(TUE) BNSF opened its new transload facility, known as BNSF Logistics Center-Fontana. The 38-acre facility is located near BNSF's San Bernardino, CA intermodal terminal. The facility offers transload, warehousing, storage and related rail services, and includes more than 60 rail car spots, 50 bulk loading areas, a truck scale, and customized inventory management and security systems. (ffd: Progressive Railroading)

(WED) The Kansas & Oklahoma Railroad filed to abandon approximately 6 miles of line between Chase, KS and Silica, KS. (ffd: STB)

(THU) CSX filed to abandon approximately 13 miles of its Southern Region-Huntington Division West-Cumberland Valley Subdivision, in Harlan County, KY. (ffd: STB)

(THU) Union Pacific filed to abandon approximately 8 miles of its Tyler Industrial Lead between Troup, TX and Whitehouse, TX. (ffd: STB)

(FRI) The Wichita Union Terminal granted overhead trackage rights to the South Kansas & Oklahoma Railroad over approximately 2 miles of WUT's line in Wichita, KS. The purpose of the trackage rights is to enable SKO to handle overhead traffic within Wichita, KS. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND ALIKE:

(WED) Kansas City Southern appointed Daniel Avramovich EVP-Sales & Marketing. Mr. Avramovich was most recently with Exel-DHL Supply Chain, and was earlier a VP-Marketing & Sales with Union Pacific. (ffd: KCS Corp.)

(THU) Canadian National announced that bulk commodities sales personnel will now report to CN VP-Sales Stan Jablonski and that bulk commodities marketing personnel would now report to CN VP-Marketing Jean-Jacques Ruest. CN EVP-Sales & Marketing James Foote said that the change "mirrors changes we've made in the past two years in our other business segments." (ffd: CN Corp.)

(FRI) Kansas City Southern announced the following appointments: Patrick Ottensmeyer as EVP and CFO; Susan Wollenberg as VP-Financial Planning & Administration; Julio Quintero as Controller for Kansas City Southern de Mexico; and Nicolas Nocita as AVP-International Internal Audit and Financial Compliance. (ffd: KCS Corp.)

(FRI) The State of Washington appointed Scott Witt to the newly created position of state multi-modal manager. Mr. Witt will serve as the state department of transportation's key contact for rail, port, and highway shipping issues, and as project manager for the state transportation commission's rail capacity study. (ffd: Progressive Railroading)

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

HAVE A SAFE AND PROSPEROUS WEEK,

Dave Mears

Cherry Hill, New Jersey, USA