

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING JULY 24, 2009

BY DAVE MEARS

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

(SAT) A San Francisco Muni light rail vehicle struck the rear of another light rail vehicle at the West Portal Station. 47 persons were injured in the crash, four seriously. Initial reports indicated that the driver of the rear-ending LRV may have medically blacked out just before the collision. (ffd: wire services)

(SAT) The first line of Seattle's new light rail system opened for service. The new line runs approximately 14 miles between downtown Seattle and suburban Tukwila. Approximately 30,500 persons rode the line on opening day; no fare was charged this first day. (ffd: wire services)

(SAT) In a speech before the National Governors Association in Biloxi, Mississippi, Norfolk Southern CEO Wick Moorman called for railroads to be considered as a "vital part of the solution to our nation's transportation crisis." "Freight volumes in this country are projected to grow 88 percent by 2035," Mr. Moorman said. "To handle that freight, we must improve our national transportation infrastructure." Later in the week, Mr. Moorman testified before Congress in support of a Class 1 railroad tax credit similar to the tax credit already in place for Class 2 and 3 railroads. "Noting that a recent study found a \$52 billion gap between the \$148 billion needed for expanding freight rail capacity and the \$96 billion railroads can internally generate, Mr. Moorman said that a tax incentive would "provide a sensible way to help bridge the gap." (ffd: NS Corp.)

(MON) New Jersey Governor Jon Corzine inaugurated service on NJ Transit's new three-mile spur off its Pascack Valley Line serving the Meadowlands sports and entertainment complex. The new line was scheduled to start revenue service on Saturday, July 26 in connection with an international soccer match to be held at Giants Stadium. (ffd: NJ Transit)

(MON) The State of Ohio inaugurated its first highway-rail grade crossing quiet zone in Springfield, OH. The quiet zone, which allows a locomotive horn not be sounded at crossings within the zone, was made possible by the selective closing of the zone's redundant crossings and the installation of wayside horns or four-quadrant gate and light warning systems at the zone's remaining crossings. (ffd: Ohio Rail Development Commission)

(TUE) The New York State Metropolitan Transportation Authority announced that completion of two major passenger rail and transit projects would be delayed. An MTA spokesman said that, for various reasons, completion of the first segment of the Second Avenue subway in Manhattan had been pushed back until at least June, 2015 and completion of the first segment of the Long Island Rail Road's East Side Access into Manhattan had been pushed back until at least July, 2016. Construction work on both projects will continue. (ffd: New York Times)

(TUE) Union Pacific proposed building a one-and-one-half mile-long trench in the vicinity of Fort Worth, TX's Tower 55 junction. The trench would provide a bypass routing through the junction, which is used by BNSF, Fort Worth & Western, and Union Pacific freight trains, and by Amtrak and Trinity Railway Express passenger trains. The junction is one of the busiest in the country, and a UP spokesman said that the average wait to clear through it is 90 minutes. (ffd: Fort Worth Star-Telegram)

(WED) Railinc, the Association of American Railroads subsidiary handling railroad data, announced that it was postponing its long-scheduled July 25 implementation of its new Umler system until August 31. A Railinc spokesman said that the postponement was "to ensure that [railroad] information systems will work seamlessly with the new Umler's functionality." Introduced in the 1960's as the railroad industry's equipment data exchange file, the new Umler system includes a modernized

file structure and web-based applications. (ffd: Railinc)

(WED) The Washington Post reported that at least a half-dozen track circuits governing train movements on the Washington Metro subway system had failed in recent weeks to properly detect the presence of trains. A faulty track circuit is believed at least in part to be the cause of last month's train crash on the subway's Red Line, which killed nine persons and injured 70 others. The National Transportation Safety Board is continuing to investigate the accident. (ffd: NTSB, Washington Post)

(THU) The U.S. House of Representatives passed an appropriations bill providing for \$4 billion for high-speed passenger rail development, this additional to the \$8 billion already appropriated by the American Recovery and Reinvestment Act (ARRA). The new bill also includes \$1.5 billion for Amtrak – in line with the railroad's current funding and the Administration's request – and \$150 million more for Washington Metro transit system. The bill now goes to the Senate for consideration. (ffd: Progressive Railroading, Trains)

(THU) Long Island Rail Road President Helena Williams said that the railroad would reinforce regulations that prevent unauthorized persons from being in locomotive and train control compartments. The announcement follows the allegation that a LIRR engineer allowed a passenger to drive a train on July 2. A LIRR spokesman said that the incident is still under investigation. (ffd: wire services)

(THU) The Steam Railroading Institute Festival opened in Owosso, MI. The festival, which was scheduled to operate through Sunday, July 26, was expected to draw approximately 25,000 persons, which would make it the largest railroad festival in approximately ten years. Eight steam locomotives, including former Southern Pacific No. 4449, were scheduled to be operated at the festival. (ffd: Trains)

(FRI) VIA Rail Canada was struck by its locomotive engineers. VIA issued a statement that, as a result of the strike, it was temporarily discontinuing all passenger train services, except on its Sudbury-White River and Victoria-Courtenay routes, which are operated by third parties on VIA's behalf. A VIA spokesman said that it was continuing to negotiate with the union representing the locomotive engineers to attempt settlement. (ffd: VIA Rail Canada)

(FRI) The Surface Transportation Board ordered Union Pacific to pay Oklahoma Gas & Electric an estimated \$100 million in reparations and rate reductions over the next decade. The order stems from a complaint filed with the STB by OG&E, which claimed that its Muskogee power plant is captive to UP. In its ruling, the STB ordered UP to set common carrier rates for the next ten years at 180 percent of variable cost. Assuming historical volumes of 6 million tons of coal a year inbound to the power plant, the STB's order will provide for approximately \$10 million in payments by UP to OG&E over the next ten years. (ffd: STB)

(FRI) A retired railroader in Great Falls, Montana was recognized as the world's oldest man. Walter Bruening, Age 112, was so recognized following the passing of England's Henry Allingham the previous week. Mr. Bruening worked for the Great Northern Railway, a BNSF predecessor, from 1918 through the mid-1960's. In an earlier interview, Mr. Bruening, who remains mentally alert and physically active, credited his longevity in part to purposeful work, noting that he worked full-time and then part-time until Age 99. (ffd: wire services)

#### STATS:

(THU) For the week ending July 18, 2009, U.S. rail volume grand totaled 28.7 billion ton-miles, down 17.3 percent from the comparable week last year. U.S. carload rail traffic was down 17.9 percent, down 18.9 percent in the East and down 17.3 percent in the West. The carload total for the week was 268,553, the highest number of carloads in 15 weeks; a notable traffic increase was non-grain farm products up 19.8 percent and a notable traffic decrease was chemicals down 11.0 percent. Also for the week, U.S. intermodal rail traffic was down 18.8 percent, Canadian carload rail traffic was down 24.4 percent, Canadian intermodal rail traffic was down 22.3 percent, Mexican carload rail traffic was down 7.3 percent, and Mexican intermodal rail traffic

was down 21.1 percent.

For the period January 1 through July 18, 2009, U.S. rail volume grand totaled 780.4 billion ton-miles, down 18.2 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was down 19.1 percent, U.S. intermodal rail traffic was down 17.2 percent, Canadian carload rail traffic was down 24.0 percent, Canadian intermodal rail traffic was down 16.2 percent, Mexican carload rail traffic was down 14.8 percent, and Mexican intermodal rail traffic was down 22.1 percent. (ffd: AAR)

(Note 1: Canadian National (CN) now incorporates traffic of the Elgin, Joliet & Eastern Railroad (EJE). All CN 2008 and 2009 data has been restated on a pro-forma basis by the AAR, off of whose weekly press release this information is sourced, to include EJE traffic as if it was part of CN, since January 1, 2008.)

(Note 2: Related to the above, and as has been the case, Canadian traffic totals include those of the U.S. operations of Canadian Pacific Railway and Canadian National, the latter now including EJE.)

#### MORE STATS – SECOND QUARTER, 2009 RESULTS:

(THU) For the second quarter this year compared with the second quarter last year, BNSF reported revenues of \$3.316 billion versus \$4.478 billion earlier; operating income of \$797 million versus \$714 million earlier; net income of \$404 million versus \$350 million earlier; and an operating ratio of 75.2 percent versus 83.6 percent earlier. (ffd: BNSF Corp.)

(THU) Canadian National reported revenues of C\$1.781 billion versus C\$2.098 billion earlier; operating income of C\$583 million versus C\$707 million earlier; net income of C\$387 million versus C\$459 million earlier; and an operating ratio of 67.3 percent versus 66.3 percent earlier. (ffd: CN Corp.)

(THU) Union Pacific reported revenues of \$3.303 billion versus \$4.568 billion earlier; operating income of \$751 million versus \$931 million earlier; net income of \$468 million versus \$531 million earlier; and an operating ratio of 77.3 percent versus 79.6 percent earlier. In reporting second quarter results, UP CEO Jim Young said that the railroad was beginning to take some locomotives and freight cars out of storage. "There are some signs of a potential upturn [in freight trends] going forward," said Mr. Young. (ffd: UP Corp.)

#### EXPANSIONS, CONTRACTIONS AND ALIKE:

(TUE) Tulare Valley Railroad filed to abandon approximately six miles of line between Ducor, CA and Ultra, CA. (ffd: STB)

(FRI) The Surface Transportation Board granted Huron & Eastern Railway's earlier request to abandon three miles of line in and near Owosso, MI. (ffd: STB)

#### APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(THU) Two earlier appointed members of the National Transportation Safety Board, acting chair Mark Rosenker and member

Kathryn O'Leary Higgins, announced their resignations. A replacement for Mr. Rosenker, Deborah Hersman, was recently nominated by the Obama Administration. (ffd: NTSB, Progressive Railroading)

(FRI) Kansas City Southern appointed David Ebbrecht its VP-Transportation for its Kansas City Southern de Mexico subsidiary. Mr. Ebbrecht succeeds William Nolen, who has accepted a new position as executive representative for KCS. (ffd: KCS Corp.)

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Dave Mears

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