

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, JULY 27, 2012

BY DAVE MEARS

(NOTE: In case it is helpful to anyone who may not have received the last edition sent due to it possibly having been caught in or deleted by a spam filter, please know that it was sent July 27 for the week ending July 20.)

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

(MON) The New York Metropolitan Transportation Authority completed the final tunnel boring for its East Side Access project. The project will enable the future routing of certain Long Island Rail Road commuter trains to a new station to be built underneath Grand Central Terminal. LIRR East Side Access service is projected to begin in 2019 or 2020. (Ref: NYMTA, Railway Age)

(MON) The Alameda Corridor East Construction Authority awarded a \$172.6 million contract to construct a 1.4-mile trench for the Union Pacific rail line through San Gabriel, CA. Construction of the 65-foot-wide, 30-foot-deep trench, which will eliminate the line's present highway-rail grade crossings in the city, is being funded from transportation bonds approved by California voters in 2006, with other project elements funded by LAMTA "Measure R" and other local and federal funds. (Ref: Railway Track & Structures)

(MON) A BNSF freight train and a Kansas City Southern freight train collided near Mulberry, MO. The accident derailed five locomotives and 18 cars, and also resulted in two crewmembers being hospitalized with non-life threatening injuries. The cause of accident, which occurred at a crossing of BNSF and KCS lines, is under investigation. (Ref: KOSE TV, KSN TV, Pittsburg Morning Sun)

(TUE) CSX donated the remaining section of the former New York Central West Side elevated rail line in Manhattan. The donation will allow the City of New York to extend the acclaimed High Line Park from its present northern terminus at 30th Street to 34th Street. The new park section is expected to be open by Spring, 2014. (Ref: Bloomberg News, New York Times)

(TUE) The Steamtown National Historic Site in Scranton, PA announced that it now has an online database containing over 7,700 records and over 10,000 images related to railroading. The collection may be accessed at [www.nps.gov/steam](http://www.nps.gov/steam). (Ref: Trains)

(WED) The Surface Transportation Board announced two initiatives it said were intended to "explore ways to further protect captive shippers from unreasonable rail rates." The first includes consideration of removing the limitation on relief for cases brought under the Board's Simplified Stand-Alone Cost Alternative. The second is to begin a proceeding to further consider a proposal by the National Industrial Transportation League under which certain shippers in terminal areas that lack "effective transportation alternatives" would be granted access to a competing railroad if there is a working interchange located within 30 miles. (Ref: Progressive Railroading, STB)

(Wed) Amtrak unveiled a new Master Plan for Washington Union Station. Developed in coordination with other stakeholders in the station's operation, the plan calls for the construction of new train concourses and platforms north of the existing station building, which was built in 1907 and is retained in the plan. The estimated cost of the plan, which Amtrak hopes to see accomplished incrementally over the next 15 to 20 years, is between \$6.5 and \$7.5 billion. (Ref: Railway Track & Structures, Washington Post, wire services)

(WED) Canadian National said that may abandon its earlier proposal to build a new 500-mile, \$4.9 billion rail line to access Quebec iron ore fields unless it can get more iron ore mines to commit to rail shipments from those fields. Back by Quebec's public pension fund, the railroad has proposed building the line from Port of Sept-Iles on the Gulf of St. Lawrence into the fields north of Schefferville, QC. CN CEO Claude Mongeau said that the railroad recently put out a deadline on the project of "another week or two." (Ref: wire services)

(WED) Union Pacific announced the winners of its contest to remake its 1970s "Great Big Rollin' Railroad" commercial. The contest, held as an event in commemoration of the railroad's 150th anniversary drew 180 video entries, 27 of which were from UP employees. The winning video, by Brock and Nellie Boyts, may be viewed, along with those of other finalists, at the up150.com website. (Ref: Omaha World-Herald)

(THU) The Federal Transit Administration noted that MAP-21, the recently enacted surface transportation act, gives it safety regulatory authority over the nation's public transit systems. Since 1964, the FTA has been prohibited by law from implementing and enforcing basic safety standards for transit systems. FTA Chief Administrator Peter Rogoff said in a prepared statement that the agency will likely propose new transit safety regulations later this year. (Ref: Chicago Tribune, USDOT)

(THU) Secretary of Transportation Ray LaHood noted that the MAP-21 Act provides for additional federal assistance through USDOT's Transportation Infrastructure Assistance and Innovation Act (TIFIA) program. He noted that the act provides \$1.7 billion in capital over two years, up from \$120 million in the current fiscal year. The assistance may be used for a variety of surface transportation improvement projects. (Ref: USDOT)

(FRI) Philadelphia rail and transit operator SEPTA was named this year's "best transit agency in North America" by the American Public Transportation Association. APTA said that it was recognizing the agency for achievements that included improving customer service and outreach, increasing sustainability with hybrid buses and achieving its highest ridership since 1989. (Ref: Philadelphia Inquirer)

(FRI) Details of this year's "Railroad Revival Tour" traveling musical show were announced. Headlining the tour this year will be Willie Nelson. The performers will travel by special train, which starts in Duluth, GA on October 20 and ends in October 28 in Oakland, CA, and will perform in cities along the way including Oklahoma City, OK, Tempe, AZ, and San Pedro, CA. (Ref: Times Leader)

#### STATS – CLASS 1 RAIL TRAFFIC:

(THU) The Association of American Railroads reported that, for the week ending July 21, 2012 and ranked with the comparable week last year:

-U.S. carload rail traffic totaled 286,254 units, down 1.9 percent

-Notable U.S. carload traffic increases included petroleum products up 50.1 percent, food and kindred products up 13.8 percent, and coke up 10.6 percent; notable traffic decreases included iron and steel scrap down 24.2 percent, grain down 16.9 percent and waste and nonferrous scrap down 12.3 percent

-U.S. intermodal rail traffic totaled 246,475 units, up 6.2 percent

-Canadian carload rail traffic totaled 76,385 units, up 2.8 percent

-Canadian intermodal rail traffic totaled 53,203 units, up 6.9 percent

-Mexican carload rail traffic totaled 15,470 units, up 0.5 percent

-Mexican intermodal rail traffic totaled 10,433 units, up 8.4 percent

For the period January 1 through July 21, 2012 and ranked with the comparable period last year:

-U.S. carload rail traffic totaled 8,140,384 units, down 2.6 percent

-U.S. intermodal rail traffic totaled 6,745,482 units, up 3.6 percent

-Canadian carload rail traffic totaled 2,221,782 units, up 3.4 percent

-Canadian intermodal rail traffic totaled 1,464,822 units, up 7.1 percent

-Mexican carload rail traffic totaled 409,165 units, down 1.3 percent

-Mexican intermodal rail traffic totaled 270,642 units, up 17.9 percent

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

#### STATS CONTINUED – 2ND QTR., 2012 RESULTS:

(TUES) For the second quarter this year and compared with the second quarter last year, Norfolk Southern reported:

-Net income of \$524 million, down 5.9 percent

-Operating income of \$934 million, up 6.7 percent

-Revenues of \$2.874 billion up .3 percent (three-tenths of one percent)

-Operating ratio of 67.5 percent, an improvement of two percentage points

(TUE) For the second quarter this year and compared with the second quarter last year, Canadian National reported:

-Net income of C\$631 million, up 17.3 percent

-Operating income of C\$985 million, up 12.7 percent

-Revenues of C\$2.543 billion, up 12.5 percent

-Operating ratio of 61.3 percent, unchanged

(THU) For the second quarter this year and compared with the second quarter last year, Canadian Pacific reported:

-Net income of C\$103 million, down 19.5 percent

-Operating income of C\$239 million, up 3.5 percent

-Revenues of C\$1.366 billion, up 8.0 percent

-Operating ratio of 82.5 percent, a worsening of .8 percent (eight-tenths of one percent)

#### EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) The largest short line holding company, Genesee & Wyoming, purchased the second largest short line holding company, RailAmerica, from Fortress Investment Group LLC for \$1.39 billion. Past their absorption of RA's 45 railroads, G&W will own and operate a total of 108 railroads in the U.S. and abroad. (Ref: Washington Post, wire services)

(MON) The Surface Transportation Board granted Union Pacific's earlier request to discontinue its freight rail service over nine miles of its San Jose Industrial Lead in and near San Jose, CA. The line is presently owned by the Santa Clara Valley Transportation Authority. (Ref: STB)

(WED) BNSF filed with the Surface Transportation Board to discontinue its freight rail service over approximately five miles of line in Los Angeles, CA, which includes the stations of Hyde Park, Ortiz, Inglewood and Williams. The line is presently owned by the Los Angeles County Metropolitan Transportation Authority. (Ref: STB)

(WED) Progressive Rail filed to discontinue its freight rail service over approximately 24 miles of former Wisconsin Central line it operates under lease from Canadian National. The involved line segments are between Almena and Cameron, WI, and between Cameron and Rick Lake, WI. (Ref: STB)

(FRI) Penn-Ohio Transportation LLC filed to acquire from Eastern States Railroad its lease and operating rights over approximately 36 miles of the Youngstown-Darlington Line between Youngstown, OH and Darlington, PA. Penn-Ohio also filed to acquire the line from its owner, the Columbiana County Port Authority. The filing notes that the line is presently operated by the Youngstown & Southeastern Railway and that "...Penn-Ohio intends to continue to have the [Y&S] operate the line or to lease the line to a new operator...". (Ref: STB)

#### APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(FRI) Watco Companies, the short line holding company, appointed Michael Gibson its Vice President of Transportation Safety. Mr. Gibson was most recently Watco's Vice President of Operations of its Gulf Region. (Ref: Railway Age, Watco Companies)

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Have a Railroad Safe Day,

Dave Mears