

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, JANUARY 22, 2010

BY DAVE MEARS

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

(SUN) Amtrak put into effect minor timetable changes on its Northeast Corridor line, as did several interconnecting commuter railroads, including SEPTA and NJ Transit. The latter – with little notice – discontinued a pair of trains on its Atlantic City commuter rail line, including a heavily patronized morning train into Philadelphia, a move that drew sharp criticism from transportation advocates and media in Southern New Jersey. (ffd: SEPTA, NJ Transit)

(MON) Canadian National announced that it would make an initial donation of C\$100,000 to the Red Cross in support of the agency's relief efforts in Haiti, which suffered a major earthquake on January 12. CN said that it would also match employee donations to the Red Cross dollar-for-dollar. (ffd: CN RR)

(MON) Iowa Interstate RR debuted its No. 513 locomotive, which has been newly repainted in the colors of the former Rock Island Railroad. The railroad said that it would operate the locomotive on its ex-Rock Island line between Blue Island, IL and Council Bluffs, IA. (ffd: Trains)

(WED) The U.S. Surface Transportation Board, which is continuing to oversee Canadian National's acquisition of the Elgin, Joliet & Eastern Railway, said that it would send questionnaires to 33 towns along the EJ&E line, asking elected officials there about a number of effects, including train noise, vibration, street blockages, and road traffic delays. Several communities continue, for various reasons, to mount legal challenges to CN's EJ&E acquisition. (ffd: Journal of Commerce)

(WED) The CEO's of two Class 1 railroads expressed concern over the Senate bill that, if passed, would reauthorize the Surface Transportation Board and also increase federal oversight of railroad commercial activities. CSX CEO Michael Ward said that, "We see...demands on the horizon which could negatively impact the financial health of the industry...The current Senate version of the STB reauthorization bill is not balanced." Union Pacific CEO Jim Young said that, "Without additional changes, we cannot support the bill," but added that, "our commitment here is to work with the [Senate] staff" related to bill changes. (ffd: Financial Times, Journal of Commerce)

(WED) New York City's Staten Island Railway began automated fare collection at its Tompkinsville station. Previously and since onboard fare collection was eliminated in 1997, fares were only collected at SIR's St. George Terminal, where the line connects with the Staten Island Ferry, which allowed passengers to ride between any other stations on the line for free. A city transit spokesman said that, as SIR's ridership has increased, the overall system revenue loss was now estimated at about \$3.4 million annually. (ffd: NYMTA)

(THU) The U.S. National Transportation Safety Board announced that its investigation of the September, 2008 head-on collision between a Union Pacific freight train and a Metrolink commuter train in Chatsworth, CA had concluded that the accident was the fault of the engineer of the Metrolink train, who was text-messaging while operating his train and failed to respond to a stop signal as a result of his distraction. Among the NTSB's followup recommendations was that the Federal Railroad Administration require the installation of inward and outward-facing audio and image recorders in all locomotive cabs and cab car operating compartments to verify that train crews abide by wireless device rules and safety procedures. The recommendation drew sharp criticism from the Brotherhood of Locomotive Engineers & Trainmen labor organization, which said that the installation of inward-facing cameras would be unnecessary and wasteful. (ffd: BLET, Los Angeles Times, NTSB, Progressive Railroading)

(THU) Longbow Research released a survey of rail car market conditions. The Longbow Report said that, "There is little interest in new [freight] cars and we do not expect demand to begin increasing until late in 2010." The report also estimated that rail car owners may have scrapped approximately 70,000 older cars in 2009, which it said was the second consecutive year with a high level of scrapping activity. (ffd: Longbow Co., Progressive Railroading)

(FRI) Philadelphia transit and commuter rail operator SEPTA announced a Valentine's Day-inspired contest. The contest, which is called "Did you find love on SEPTA?," asks riders to submit stories about how they found new love or reconnected with a lost love while riding a SEPTA train, bus or trolley. The winning couple will be taken on a specially chartered elevated train on what SEPTA said would be "a romantic ride through West Philadelphia" to view the Mural Arts Program's Love Letter Project, which consists of 50 rooftop murals viewable from "the EI". (ffd: Philadelphia Daily News)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) For the week ending January 16, 2010, U.S. rail volume grand totaled 28.7 billion ton-miles, down 15.6 percent from the comparable week last year. U.S. carload rail traffic was down 0.8 percent, down 0.9 percent in the East and down 0.8 percent in the West. Notable traffic increases included motor vehicles and equipment up 83.2 percent and notable traffic decreases included coal down 14.5 percent. Also for the week, U.S. intermodal rail traffic was up 1.3 percent, Canadian carload rail traffic was up 24.1 percent, Canadian intermodal rail traffic was up 5.7 percent, Mexican carload rail traffic was up 21.0 percent, and Mexican intermodal rail traffic was up 41.7 percent.

For the period January 1 through January 16, 2010, U.S. rail volume grand totaled 54.2 billion ton-miles, down 6.2 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was down 6.7 percent, U.S. intermodal rail traffic was down 1.2 percent, Canadian carload rail traffic was up 22.3 percent, Canadian intermodal rail traffic was up 2.9 percent, Mexican carload rail traffic was up 26.0 percent, and Mexican intermodal rail traffic was up 42.9 percent. (ffd: AAR)

STATS CONTINUED – 4TH QTR AND FULL YEAR 2009 RESULTS:

(TUE) CSX reported the following financial results for the Fourth Quarter 2009 versus the Fourth Quarter 2008: net income of \$305 million versus \$247 million earlier, an increase of 23.5 percent; operating income of \$583 million versus \$692 million earlier, a decrease of 15.9 percent; revenues of \$2.320 billion versus \$2.674 billion earlier, a decrease of 13.2 percent; and an operating ratio of 74.9 percent versus 74.1 percent earlier, a disimprovement of 0.8 percent.

For the Full Year 2009 versus the Full Year 2008, CSX reported the following results: net income of \$1.152 billion versus 1.365 billion earlier, a decrease of 15.6 percent; operating income of \$2.285 billion versus 2.768 billion earlier, a decrease of 17.4 percent; revenues of \$9.041 billion versus \$11.255 billion earlier, a decrease of 19.6 percent; and an operating ratio of 74.7 percent versus 75.4 percent earlier, an improvement of 0.7 percent. (ffd: CSX Corp.)

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(THU) BNSF reported the following financial results for the Fourth Quarter 2009 versus the Fourth Quarter 2008: net income of \$536 million versus \$615 million earlier, a decrease of 12.8 percent; operating income \$895 million versus \$1.116 billion earlier, a decrease of 19.8 percent; revenues of \$3.681 billion versus \$4.373 billion earlier, a decrease of 15.8 percent; and an operating ratio of 74.9 percent versus 73.7 percent earlier, a disimprovement of 1.2 percent.

For the Full Year 2009 versus the Full Year 2008, BNSF reported the following results: net income of \$1.721 billion versus \$2.115 billion earlier, a decrease of 18.6 percent; operating income of \$3.262 billion versus \$3.912 billion earlier, a decrease of 16.6 percent; revenues of \$14.016 billion versus \$18.018 billion earlier, a decrease of 22.2 percent; and an operating ratio of 76.0 percent versus 77.6 percent earlier, an improvement of 1.6 percent.

Also, BNSF said that it would spend approximately \$2.4 billion in capital improvements in 2010, including purchasing 170 locomotives at a total cost of \$320 million. (ffd: BNSF Corp.)

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(THU) Union Pacific reported the following financial results for the Fourth Quarter 2009 versus the Fourth Quarter 2008: net income of \$551 million versus \$661 million earlier, a decrease of 16.6 percent; operating income of \$1.002 billion versus \$1.141 billion earlier, a decrease of 12.2 percent; revenues of \$3.754 billion versus \$4.286 billion earlier, a decrease of 12.4 percent; and an operating ratio of 73.3 percent versus 73.4 percent earlier, an improvement of 0.1 percent.

For the Full Year 2009 versus the Full Year 2008, BNSF reported the following results: net income of \$1.898 billion versus \$2.338 billion earlier, a decrease of 18.8 percent; operating income of \$3.392 billion versus \$4.075 billion earlier, a decrease of 16.8 percent; revenues of \$14.143 billion – the most revenues of any Class 1 railroad – versus \$17.970 billion earlier, a decrease of 21.3 percent; and an operating ratio of 76.0 percent versus 77.3 percent earlier, an improvement of 1.3 percent. (ffd: UP Corp.)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(TUE) Eastside Rail Freight RR commenced freight operations over a portion of the line recently purchased from BNSF by the Port of Seattle. Eastside Rail Freight will operate over the ex-Northern Pacific line between Woodinville and Snohomish, WA, a distance of 16 miles. (ffd: Trains)

(TUE) Electro-Motive Diesel announced that they would offshore a new traction motor shop to be built in San Luis Potosi, Mexico. The plant is expected to open in March. (ffd: Trains)

(FRI) The U.S. Surface Transportation Board granted Minnesota Northern RR's earlier application to abandon approximately 21 miles of its Warroad Subdivision between Roseau and Warroad, MN. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(SAT) Max Solomon passed away near Pittsburgh, PA at Age 76, from complications of a stroke suffered two years ago. Mr. Solomon was the longtime superintendent for the Pittsburgh area for Penn Central, Conrail and Norfolk Southern. CP Solomon on the now-NS main line is named for Mr. Solomon.

(MON) Thema Drake was appointed director of the Virginia Department of Rail and Public Transportation (DRPT). Ms. Drake was most recently a member of the U.S. House of Representatives for Virginia's Second 2nd congressional district. (ffd: Progressive Railroading)

(WED) The Obama Administration nominated Jeffrey Moreland to the Amtrak board of directors. Mr. Moreland was a longtime attorney for the Sante Fe and then the BNSF, retiring in 2007 as the latter's executive vice president for public affairs. (ffd: Journal of Commerce)

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Dave Mears

Cherry Hill, NJ