

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, FEBRUARY 25, 2011

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 February 22 for the week ending February 18.)

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

(MON) Legislation was introduced in the U.S. House of Representatives to extend and enhance the Section 45G Short Line Tax Credit. The bill, H.R. 721, is sponsored jointly by Reps. Lynn Jenkins (R-KS), Earl Blumenauer (D-OR), Bill Shuster (R-PA), and Jerry Costello (D-IL). The existing credit expires at the end of this year. (ffd: Trains)

(MON) Norfolk Southern placed an order for 1,500 open-top hopper cars for coal service with FreightCar America. FreightCar America said that it will restart production at its Roanoke, VA shops to fill the order. (ffd: Journal of Commerce, Richmond Times-Dispatch)

(MON) Philadelphia commuter rail operator SEPTA put the first two of their new Silverliner V Class commuter rail cars in service. SEPTA has ordered a total of 120 of the cars, which are being manufactured by Korea's Hyundai Rotem and assembled in South Philadelphia. The order is about one year behind schedule, which the Philadelphia Inquirer reported is due to material delays, design flaws, workmanship problems, and strained relations between the Korean managers and American workers. (ffd: Philadelphia Inquirer)

(TUE) The U.S. Supreme Court ruled seven to two that CSX could challenge an Alabama state tax on the fuel it purchases. CSX argued that Alabama's tax was illegal because the law required such a tax imposed on railroads to also be imposed on motor and water carriers, which is not the case in the state. (ffd: Birmingham Business Journal, wire services)

(WED) A Massachusetts Institute of Technology study indicated that increasing the maximum truck size and weight limits could potentially divert a significant percentage of existing rail traffic to trucks. The study said that increasing the current 80,000-pound weight limit to 97,000-pound, six-axles trucks could result in 7.8 million more truck trips and that allowing longer double- and triple-trailer trucks could result in 17.4 million more truck trips. (ffd: Coalition Against Bigger Trucks, Progressive Railroading)

(WED) The new chair of VIA Rail Canada, Paul Smith, said that "VIA Rail is undergoing one of the biggest transformations in the corporation's history" and that, when complete, "it will be a market leader, offering Canada's best travel experience." He noted that the VIA Rail is expanding track capacity, rebuilding its locomotive and car fleets, and modernizing its passenger stations and information technology systems in a five-year, C\$923 million capital improvement program projected for completion by 2013. (ffd: Via Rail Canada)

(WED) The Burlington Free Press reported that Amtrak had ranked Vermont Rail System as its worst host railroad due to poor track conditions that have resulted in poor train performance. VRS hosts Amtrak's "Ethan Allen Express" from Rutland, VT to Whitehall, NY. Vermont Transportation Secretary Brian Searles said that his agency would investigate the matter and work to facilitate its improvement. (ffd: Burlington Free Press, Trains)

(THU) Florida Governor Ray Scott, who the previous week had renounced \$2.4 billion in federal funding for high-speed rail between Orlando and Tampa, again rejected a state-organized effort to continue the project. The Miami Herald reported that “angry lawmakers accused him of overstepping authority and threatened legal action.” U.S. Transportation Secretary Ray LaHood said that he would give Florida an additional week to work out a compromise before he would begin the process of diverting the funding to the several other states that have requested it. (ffd: Miami Herald, NARP)

(THU) The Surface Transportation Board held a hearing to review regulatory exemptions for certain types of rail traffic. Among those testifying were the presidents of the American Short Line and Regional Railroad Association and the Association of American Railroads, who spoke of the success of the exemptions and urged that they be continued. The exemptions rooted in the STB's predecessor, the Interstate Commerce Commission. (ffd: AAR, RT&S)

(THU) Chicago area lawmakers sharply criticized H.R. 1, the budget bill recently passed by the U.S. House of Representatives, because of its elimination of an earlier approved \$133 million in federal grants to fund the Englewood Flyover. The planned flyover would enable Metra's Rock Island Line to cross over the Norfolk Southern line used by NS and Amtrak, and would replace a congested junction used by 78 Metra trains and 60 NS and Amtrak trains each weekday. Approximately \$8 million in state, local and railroad funding has already been spent on the project. (ffd: Chicago Tribune, Progressive Railroading)

(THU) The Connecticut Department of Transportation approved an order for 38 additional Class M-8 commuter rail cars for Metro North's New Haven Line. The state's bond commission has approved \$81.5 million for their purchase. The new order adds to an earlier order for 342 M-8 cars, the first of which are expected to enter service sometime in March of this year. (ffd: Trains)

(THU) Union Pacific was sued in Texas for mutilation of a corpse. The suit alleges that the body of Roland Canchola, who was killed in a crossing crash with a UP train, was then run over by another UP train. The suit claims that the family suffered severe emotional distress as a result of Mr. Canchola's funeral having to be closed casket. (ffd: Victoria Advocate)

(FRI) Chicago commuter rail operator Metra announced that it would activate its new Another Train Warning System (ATWS) on its Union Pacific West Line on March 1. The \$132 million system uses audible and visual alerts to warn passengers crossing the tracks at or near stations that a second train – in addition to the one that is stopped at the station – is approaching or present. (ffd: Elmhurst Patch, RT&S)

(FRI) South Florida commuter rail operator Tri-Rail announced that it would purchase ten new DC-traction diesel locomotives from Brookville Equipment. However, the decision to go with Brookville's low bid has been criticized, including by losing bidder MotivePower, who filed suit to disqualify Brookville on the grounds that its design has never been proven in continuous service as the bid required, and also by GE, which noted that AC-traction is now the preferred although more expensive locomotive technology and that Tri-Rail's cost calculation methodology effectively precluded GE from bidding. (ffd: Orlando Sentinel, NARP, Trains)

(FRI) The University of Maryland's Supply Chain Management Center released a study that suggested that private freight car owners might not be making high enough returns to justify their continued investment. The study went on to state that there was a need for “equitable, non-discriminatory and transparent interchange rules.” The study was prepared with financial support from the North American Freight Car Association. (ffd: Progressive Railroading)

(FRI) Canadian Pacific Railway announced that it had signed a collaborative agreement with the Montreal Port Authority related to performance and productivity. A CPR spokesman noted that this was the fifth such agreement they had signed with a Canadian port agency. (ffd: CPR Corp.)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) The Association of American Railroads reported that, for the week ending February 19, 2011 and ranked with the comparable week last year:

- U.S. carload rail traffic totaled 296,980 units, up 8.2 percent
- Notable U.S. carload traffic increases included metallic ores up 77.6 percent, stone, clay and glass up 20.2 percent, and nonmetallic minerals up 18.9 percent; notable decreases included grain mill products down 9.0 percent, waste and nonferrous scrap down 7.2 percent, and primary forest products down 0.8 percent
- U.S. intermodal rail traffic totaled 233,993 units, up 16.9 percent
- Canadian carload rail traffic totaled 73,448 units, up 4.1 percent
- Canadian intermodal rail traffic totaled 46,489 units, up 6.8 percent
- Mexican carload rail traffic totaled 14,107 units, up 0.3 percent
- Mexican intermodal rail traffic totaled 8,476 units, up 32.8 percent

For the period January 1 through February 19, 2011:

- U.S. carload rail traffic totaled 1,981,437 units, up 6.7 percent
- U.S. intermodal rail traffic totaled 1,524,340 units, up 9.1 percent
- Canadian carload rail traffic totaled 488,287 units, up 0.8 percent
- Canadian intermodal rail traffic totaled 316,988 units, up 4.4 percent
- Mexican carload rail traffic totaled 99,365 units, up 5.4 percent
- Mexican intermodal rail traffic totaled 50,348 units, up 13.9 percent

NOTE: Canadian counts include traffic from the U.S. operations of the two Canadian-based Class I railroads, Canadian National and Canadian Pacific Railway.

EXPANSIONS, CONTRACTIONS AND ALIKE:

(TUE) CSX opened its new intermodal terminal in North Baltimore, OH. The \$175 million facility covers approximately 500 acres, and will, according to a CSX press release, transfer "hundreds of thousands of freight containers annually." (ffd: CSX, Fostoria Review Times)

(THU) The Los Angeles County Metropolitan Transportation Authority (LACMTA) announced agreement to purchase 38 acres surrounding Los Angeles Union Station for \$75 million. The purchase allows the further development of the station complex into a multimodal transportation hub and, also, for future high-speed rail service. According to news reports, LACMTA is expected to buy the station independently at a future date. (ffd: NARP, Progressive Railroading)

(FRI) New Jersey Transit started work on an extension of commuter rail service over the former Lackawanna Cutoff. The first segment will be 7.3 miles from Port Morris to Andover, NJ. The new line will eventually connect with NJT's Montclair-Boonton line in Port Morris. Pennsylvania officials have said that they hope to eventually extend and rebuild the line, which was abandoned in 1984, into Pennsylvania to provide for passenger rail service between Scranton, PA and Hoboken, NJ. (ffd: Trains)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

None of note this week.

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Dave Mears

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