

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING SAT, FEBRUARY 5, 2005

BY DAVE MEARS

(Editor's Note: The expression "ffd" at the end of a news item represents "for further details" and suggests a reference source for further related information.)

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

(MON) 2 U.S. senators introduced bipartisan legislation to toughen federal oversight of the rail industry. The bill's provisions include requiring the Federal Railroad Administration to investigate all fatal crossing accidents, requiring railroads to file accident reports more promptly, increasing the number of inspectors focusing specifically on crossing and hazardous material matters, and raising fines for railroads that violate FRA regulations. The bill is cosponsored by Sen. Charles Schumer (D-NY.) and Sen. Lindsey Graham (R-SC.). Also on Monday and recalling the recent Graniteville, SC. derailment and gas leak resulting in 9 fatalities, Sen. Jon Corzine (D-NJ.) said that he planned to introduce legislation that would ensure that older rail tank cars are brought up to current safety standards. (ffd: New York Times, Rochester Democrat & Chronicle)

(MON) The Canadian Heartland Training Railway announced that it would begin training on 21 miles of line leased from the Central Western Railway in and near Stettler, AB. A CHTR spokesman said that the line "will provide a safe and practical worksite that will [in turn] provide working knowledge and experience to those enrolled in railway conductor training programs developed by the Railway Association of Canada's Institute of Railway Technology." The spokesman added that training using the line would begin on or about April 1. (ffd: CHTR Corp.)

(MON) British railway engineers announced that they would begin equipping in-service, high-speed trainsets with track monitoring equipment. Andrew McNaughton, chief engineer for U.K. track and infrastructure owner Network Rail, said, "30 years ago, the equipment needed to do this would have been too big to fit to a bogie [wheel set]. Now it's the size of a personal computer...This is the first time that [in-]service trains anywhere in the world will be carrying equipment repeatedly monitoring the quality of track." A Network Rail spokesman added that the first trainsets equipped would be those operating on the East Coast main line between London, England and Edinburgh, Scotland. (ffd: UK Rail News & Views)

(TUE) The District of Columbia City Council voted to ban rail and truck shipments of hazardous materials within 2 miles of the U.S. Capitol. A spokesman for D.C. Mayor Anthony Williams said that he would sign the new ordinance. Late last year, the council voted down a similar ordinance following voluntary action by CSX -- whose main line skirting federal offices in Southwest and Southeast Washington has been of primary concern -- to divert hazmat shipments to routings away from the Washington area. A CSX spokesman said that it was reviewing the ordinance. Association of American Railroads President and CEO Edward Hamberger issued a statement called the council's actions "regrettable", adding that "rerouting does not eliminate the overall risk, but merely shifts it to other communities." (ffd: AAR, Washington Times, wire services)

(TUE) The Bush Administration proposed a FY2006 budget eliminating operating subsidies for Amtrak. The proposed budget includes \$360 million for Northeast Corridor capital improvements. The proposal contrasts with Amtrak's FY2005 federal funding of approximately \$1.2 billion, of which approximately \$570 million is for operating subsidies. The National Association of Railroad Passengers called the proposal "a tired reminder of similar failed efforts by past [Republican] Administrations, which proposed [zero subsidies] for FY1986 through FY1991." U.S. Senator Tom Carper (D-DE.) called it "a nonstarter in Congress." (ffd: NARP, New York Times, Wilmington News Journal, wire services)

(TUE) Union Pacific confirmed that they would put approximately 20 miles of second main track in service on their Sunset Line by the end of this month. The new double track locates on segments of the line between El Paso, TX. and Demming. In a January 11 letter to customers concerning efforts to improve service on the Sunset Line, UP EVP-Marketing & Sales Jack Koraleski noted that "a special operations team is coordinating the many projects that are now under way on this critical route...Once we complete this [improvement] work, we are targeting 44 trains per day on this route." (ffd: Railway Age, UP Corp.)

(WED) The New York City Transit Authority resumed near-normal operation on its A and C subway lines. Operation of the lines had been disrupted following a January 23 fire that destroyed a circuitry room near the Chambers Street subway station in Lower Manhattan. NYCTA President Lawrence Reuter had originally said that complexity of circuitry repairs required might result in service on the lines being disrupted from 3 to 5 years. In announcing the resumption of near-normal service after only 9 days, Mr. Reuter apologized for his initial prediction, noting the "Herculean effort" by subway repair personnel who devised a "very basic, temporary automatic signaling" system that will permit trains to run on the lines with automatic signal protection. (ffd: New York Times)

(WED) Norfolk Southern and project partner Motiva Enterprises opened a new ethanol facility at Motiva's petroleum distribution terminal in Sewaren, NJ. A Norfolk Southern spokesman said that the new facility is now the largest rail-served ethanol terminal in the New York Harbor area, with the capability of unloading 40 rail cars daily. The spokesman added that ethanol "is increasingly being used as a cost-effective octane enhancer for gasoline and as a clean-burning replacement for Methyl Tertiary Butyl Ether, a chemical recently banned by Connecticut and New York State." (ffd: NS Corp.)

(WED) Concurrent with the national "State of the Union" address, the American Public Transportation Association released a "state of the transit industry" address. The APTA noted that, in 2004, new light rail lines opened in Houston, TX., Minneapolis, MN., Charlotte, NC. and Little Rock, AR. and that, last November, voters passed 80 percent of local transportation financing initiatives, the largest of which was \$4.7 billion for a Denver, CO. area light rail and commuter rail system. However, the APTA also noted that transit agencies have been unable to plan future projects because of a delay in passing a new federal Transportation Equity Act, the original act having been extended 6 times since its September, 2003 expiration, with the current extension expiring this May. (ffd: APTA)

(WED) Rail supplier Wabtec announced that it had completed its acquisition of Italy-based Rutgers Rail for \$36 million. A Wabtec spokesman noted that Rutgers Rail supplies brake shoes, disc pads and interior trim components to European freight and passenger railroads. The spokesman added that "with this acquisition, we expect Wabtec's sales outside of North American to be about 25 percent of our total sales, compared to about 5 percent when we went public 10 years ago." (ffd: Progressive Railroading, Wabtec)

(THU) The U.S. Federal Railroad Administration announced that it had assessed fines totaling \$298,000 against CSX for "multiple violations of highway-rail grade crossing safety regulations related to a 2004 crossing accident in Henrietta,

NY., where a train struck a vehicle and killed an elderly couple.” The fines, some of the largest by FRA in recent memory, cited CSX “for failure to make repairs without undue delay at 3 highway-rail grade crossings” and for “failing to have the train crew involved...‘stop and flag’ highway traffic as the required alternate means of providing warning and protection to motorists,” and additionally cited CSX for inadequate drainage caused by fouled ballast. (ffd: Progressive Railroading, Railway Age)

(THU) One BNSF freight train rear-ended another that was stopped on its main line near Wellsville, KS. , approximately 45 miles south of Kansas City. The accident injured a crewperson on the colliding train. 6 cars on the first train were derailed and 2 locomotives and 2 cars on the second train were also derailed. A third train approaching the accident scene was able to stop before striking the wreckage. (ffd: wire services)

(THU) A Norfolk Southern freight train derailed 27 cars near Roanoke, VA. No crewpersons were injured in the accident and no hazmat cars were involved. The train, principally of coal cars, was enroute from Bluefield, WV. to Roanoke when it derailed. (ffd: Roanoke Times)

(THU) A bus-like vehicle being pulled across railroad tracks was struck by a train near Nagpur in western India. The collision killed 52 persons seated aboard the vehicle, including 30 women and 10 children. No one was injured aboard the train, which remained on the tracks. (ffd: wire services)

(THU) Philadelphia, PA. commuter rail and transit operator SEPTA announced that it had reached agreement with American Premier Underwriters, the custodian of the remnant assets of the former Penn Central, in the longstanding Paoli Rail Yard environmental contamination case. The rail yard was the site of a commuter rail car maintenance facility that had been contaminated by the residuals of a coolant used in motor transformers. In 1986, the U.S. Environmental Protection Agency ordered SEPTA, Conrail and Amtrak to clean up and remediate the site. The 3 railroads did so, but preserved their claim that Penn Central, now APU, was responsible for most of the contamination. A SEPTA spokesman said that the agreement calls for APU to pay \$23 million to SEPTA, of which SEPTA is obligated to pay Conrail approximately \$9 million. (ffd: SEPTA)

(FRI) The Association of American Railroads reminded that its 21st annual edition of its “Railroads Ten-Year Trends” booklet is now available. The new edition provides tables and graphs which present an economic overview of the U.S. rail freight industry for the years 1994 through 2003. The booklet costs \$50 for individuals from AAR member railroads and \$100 for others, and may be ordered from the AAR's website. (ffd: AAR)

STATS:

(THU) For the week ending January 29, U.S. rail volume totaled 30.3 billion ton-miles, up 3.1 percent from the comparable week last year. Also for the week, U.S. carload rail traffic was up 2.1 percent – up 1.3 percent in the East and up 2.8 percent in the West – U.S. intermodal rail traffic was up 8.1 percent, Canadian carload rail traffic was up 11.9 percent and Canadian intermodal rail traffic was up 11.3 percent.

For the month of January, 2005, U.S. carload rail traffic was down 0.7 percent from January, 2004. In reporting

January's results, an Association of American Railroads spokesman noted the month's many weather-related operational difficulties, including "torrential rains and mudslides, blizzards and bitter cold." Notable carload increases included crushed stone, sand and gravel up 8.6 percent, metallic ores up 8.5 percent and coal up 0.5 percent; notable traffic decreases included waste and scrap materials down 9.2 percent, grain down 5.6 percent and grain mill products down 5.5 percent. Also for the month, U.S. intermodal rail traffic was up 7.4 percent, Mexico's Transportacion Ferroviaria Mexicana's carload rail traffic was up 3.8 percent and TFM's intermodal rail traffic was up 24.2 percent.

In Canada in January, intermodal rail traffic was down 1.1 percent and carload rail traffic was up 0.1 percent. Notable traffic increases included metallic ores up 14.6 percent and grain up 6.1 percent; notable traffic decreases included non-grain farm products down 33.3 percent and coal down 4.8 percent. (ffd: AAR)

MORE STATS – 4TH QTR., 2004 AND FULL YEAR 2004 RESULTS:

(MON) Kansas City Southern Railway reported operating income of \$31.7 million compared with a \$1.9 million loss the previous fourth quarter, revenues of \$173.7 million compared with \$147.0 million the previous fourth quarter, and an operating ratio of 81.8 percent compared with 86.9 percent the previous fourth quarter. For the Full Year 2004, KCSR reported operating income of \$101.0 million compared with \$44.5 million the previous year, revenues of \$635.7 million compared with \$575.3 million the previous year, and an operating ratio of 84.1 percent compared with 88.6 percent the previous year. In reporting their improved 2004 operating ratios, a KCS spokesman noted that the 2003 comparative operating ratios exclude a \$21.1 million claims reserve adjustment affecting results that year. (ffd: KCS Corp.)

ACQUISITIONS, ABANDONMENTS AND ALIKE:

(TUE) The Railroad Switching Service of Missouri filed to abandon their entire railroad, approximately 2 miles of line, between the publishing facility of the St. Louis Post-Dispatch and its connection to Norfolk Southern near Broad Street, in St. Louis, MO. (ffd: STB)

(THU) The U.S. Surface Transportation Board approved BNSF's trackage rights over approximately 16 miles of Union Pacific line serving the Bayport Industrial District in and near Houston, TX. BNSF and UP had reached agreement on these trackage rights last December. BNSF had earlier planned, in conjunction with 4 chemical shippers, to build its own 13-mile line to reach and serve Bayport. (ffd: Progressive Railroading, STB)

PERSONNEL CHANGES AND ALIKE:

(MON) The U.S. Department of Transportation appointed Daniel Smith to be the Associate Administrator of Safety for the Federal Railroad Administration. Mr. Smith has been with the FRA since 1978. (ffd: USDOT)

(TUE) U.S. Representative Ernest Istook (R-OK.) was not reappointed as the head of the House Appropriations

Subcommittee on Transportation. Mr. Istook recently came under intense criticism for initially deleting federal funding for transportation projects in the districts of 21 fellow representatives who supported increased funding for Amtrak. Mr. Istook, a noted Amtrak critic, later apologized to his colleagues for that action. (ffd: Friends of Amtrak, The Hill)

(TUE) Union Pacific appointed Julie Krehbiel AVP & GM of Union Pacific Distribution Services and Beth Whited AVP-Automotive for the General Motors account. Ms. Krehbiel has been with UP since 1988 and Ms. Whited has been with UP since 1987. (ffd: UP Corp.)

(TUE) Canadian Transport Minister Jean Lapierre nominated Paul Cote as president and CEO of Via Rail Canada. Mr. Cote has been serving as president and CEO in an interim capacity. (ffd: Progressive Railroading)

(THU) Union Pacific appointed Bob Naro VP-Mexico Operations. A UP spokesman said that Mr. Naro, who started with UP predecessor Missouri Pacific in 1965, would be responsible "for all aspects of UP's Mexico's operations, including border operations, interchange with Mexican railroads, capacity planning and special UP Mexico projects." (ffd: UP Corp.)

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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

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