

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING SAT, MARCH 18, 2006

BY DAVE MEARS

(NOTE: I'm playing catch-up again, but hope to be current again by midweek.)

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

(MON) A survey of rail shippers found that, although few shippers diverted from rail to truck in the Fourth Quarter, 2005, those that did cited poor rail service and increasing rail rates as principal causes. The survey, undertaken by the Wall Street investment firm Bear Stears, also found that 33 percent of respondents believed that terminal capacity was the most pressing constraint and that 32 percent believed that freight car availability was the greatest constraint. The survey went on to note that "...the survey data supports the story of sustained momentum in rail rate increases through at least 2006 and likely into 2007, driven by ongoing tight rail capacity and unfavorable trucking dynamics." (ffd: Traffic World)

(MON) Railway Age Magazine named Americus, GA-based Georgia Midland Railroad as 2006 Short Line Railroad of the Year, and Rochester, NY-based Buffalo & Pittsburgh Railroad as 2006 Regional Railroad of the Year. Commented Robert DeMarco, SVP of Railway Age's publisher, "This year's award winners epitomize short line railroading at its best." The awards will be presented at the American Short Line and Regional Railroad Association's national convention in Orlando, FL April 23 through 25. (ffd: Railway Age)

(MON) China announced plans to build two new high-speed rail lines linking major cities. One line will be built 820 miles in length, linking Beijing and Shanghai, and the other will be built 110 miles in length, linking Shanghai with Hangzhou. The cost of the two lines is expected to total approximately \$22 billion. A spokesman for Minister of Railways said that the government plans to build more than 7,500 miles of high-speed rail lines over the next few decades at a cost estimated at between \$250 billion and \$310 billion. (ffd: Xinhua)

(TUE) The U.S. Department of Transportation's Bureau of Transportation Statistics said that trade between the United States, Canada and Mexico totaled \$698 billion in 2005, a 10 percent increase over 2004. A BTS spokesman said that \$458 million in trade moved by rail, truck and pipeline between the U.S. and Canada, up 12 percent from 2004, and that \$240 billion in trade moved by these modes between the U.S. and Mexico, up 7 percent from 2004. (ffd: Progressive Railroading, USDOT)

(TUE) The Surface Transportation Board announced that it would hold a hearing May 11 on railroad fuel surcharges, responding to shipper complaints that recent surcharges "are designed to recover amounts over and above increased fuel costs." In announcing the hearing, the STB emphasized that it was "not intended to address the level of surcharges," but "to provide a forum for the expression of view by rail shippers, railroads, and other interested persons, on the manner in which fuel charges are calculated and charged by railroads." (ffd: Railway Age, STB)

(WED) The reigning Miss Deaf Texas was struck and killed by a Union Pacific freight train in Austin, TX. Tara McAvoy, Age 18, was reportedly walking alongside the railroad tracks when she was clipped by the plow of the train's lead locomotive. Ms. McAvoy was reportedly text messaging her parents, who are also hearing-impaired, on her cell phone when she was struck. (ffd: Trains, wire services)

(WED) BNSF announced that it would soon begin using its recently expanded capacity at its Logistics Park, IL intermodal terminal near Chicago. A BNSF spokesman said that the expansion, set to open June 1, will increase annual strip-track capacity to 1.16 million units and that the facility's hub groundstack and chassis rack capacity will increase to 6,440 units and 1,600 units, respectively. The spokesman added that the work at Logistics Park is the largest individual facility expansion on BNSF this year. (ffd: Progressive Railroading)

(THU) The Association of American Railroads announced that the nation's Class 1 railroads will spend more than \$8 billion this year on capital improvements to track, equipment and infrastructure. An AAR spokesman said that the amount represents 21 percent more than these railroads spent on capital improvements last year and sets a new one-year record for infrastructure spending. In making the announcement, AAR President and CEO Ed Hamberger pointed out that U.S. railroads are "at or near the top of all industry in capital intensiveness, investing an average of 17.8 percent of their revenues into improvements. The average for manufacturing is 3.5 percent." (ffd: AAR)

(THU) Amtrak formally submitted a request for \$1.6 billion in federal funding for Fiscal Year 2007. The railroad lowered its request for operating support from \$540 million in FY2006 to \$498 million in FY2007. However, Amtrak officials propose increasing capital funding by \$235 million in FY2007 to \$730 million, to cover projects such as replacing the span of the Thames River Bridge in Connecticut and upgrading centralized dispatching systems. Also this week, Amtrak Chairman David Laney was quoted by wire services as saying that Amtrak would scrutinize all its long-distance routes this year for efficiency and could scrap, reconfigure or add lines. "There's nothing, as far as I'm concerned, that's off the table," Mr. Laney added. (ffd: NARP, Progressive Railroading, wire services)

(THU) Several Class 1 railroads announced that they would scale back hiring in 2006. A spokesman for Norfolk Southern, which has hired 5,600 employees since 2004, announced that it would hire about 1,800 employees this year, "a more normal level expected to continue for several years." BNSF said that they expected to hire about 3,800 employees in 2006, a drop from 4,500 hired last year, and Union Pacific said that they expected to hire between 2,500 and 3,000 employees this year, down from about 4,500 hired in each of the past 3 years. (ffd: Virginian-Pilot)

(FRI) The United Transportation Union asked a U.S. District Court to prevent BNSF Railway from pulling out of national negotiations for purposes of settling employee compensation. A UTU spokesman said that the union filed the lawsuit "in response to BNSF inviting UTU general committees of adjustment to discuss profit sharing and to reach agreement by June, 2006." UTU contends this action is "an attempt by BNSF to pull out of national handing" and in violation of the Railway Labor Act. BNSF did not comment on the UTU's court plea. (ffd: Railway Age)

STATS – TRAFFIC:

(NOTE: The Canadian carload and intermodal rail traffic mentioned below includes both the Canadian and U.S. operations of Canadian National and Canadian Pacific Railway.)

(THU) For the week ending March 11, 2006, U.S. rail volume grand totaled 33.1 billion ton-miles, down 0.3 percent from the comparable week last year. U.S. carload rail traffic was down 1.5 percent, down 1.6 percent in the East and down 1.5 percent in the West. Notable traffic increases included non-grain farm products up 8.1 percent, waste and scrap materials up 4.6 percent, and crushed stone, sand and gravel up 3.4 percent; notable traffic decreases included nonmetallic minerals down 38.2 percent, metallic ores down 9.7 percent, and pulp, paper and allied products down 9.3 percent. Also for the week, U.S. intermodal rail traffic was up 8.8 percent, Canadian carload rail traffic was down 0.8 percent, Canadian intermodal rail traffic was up 6.9 percent, Mexico's Kansas City Southern de Mexico's carload rail traffic was down 4.6 percent, and KCSM's intermodal rail traffic was up 10.2 percent.

For the period January 1 through March 11, 2006, U.S. rail volume grand totaled 328.6 billion ton-miles, up 2.0 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was up 0.8 percent, U.S. intermodal rail traffic was up 4.4 percent, Canadian carload rail traffic was down 1.9 percent, Canadian intermodal rail traffic was up 4.1 percent, KCSM's carload rail traffic was down 6.4 percent, and KCSM's intermodal rail traffic was down 6.7 percent. (ffd: AAR)

MORE STATS – OPERATING PERFORMANCE:

(NOTE: Effective October 1, 2005, railroads that had been furnished operating performance statistics to the Association of American Railroads began applying a new standardized definitional framework, aimed at eliminating differences in calculation methodology. Concurrent with but unrelated to these changes, Canadian National elected to no longer furnish these statistics.)

(WED) For the week ending March 3, 2006 and comparing with the previous week, average total cars on line was as follows: BNSF, 221,145 cars versus 222,576 cars; Canadian Pacific, 80,926 cars versus 81,545 cars; CSX, 223,561 cars versus 224,023 cars; Kansas City Southern, 25,853 cars versus 26,815 cars; Norfolk Southern, 205,634 cars versus 205,206 cars; and Union Pacific, 330,130 cars versus 328,544 cars.

Also for the week ending March 3, 2006, average train speed was as follows (statistics for the comparable week last year are not available): BNSF, 22.5 mph; Canadian Pacific Railway, 25.4 mph; CSX, 20.0 mph; Kansas City Southern, 22.9 mph; Norfolk Southern, 21.3 mph; and Union Pacific, 22.0 mph.

Finally for the week ending March 3, 2006, average terminal dwell time was as follows (statistics for the comparable week last year are not available): BNSF, 23.6 hrs; Canadian Pacific Railway, 22.7 hrs; CSX, 25.4 hrs; Kansas City Southern, 25.6 hrs; Norfolk Southern, 23.9 hrs; and Union Pacific, 29.4 hrs. (ffd: AAR)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Kansas City Southern activated centralized traffic control between Bovay, LA and Smiths, MS on its Meridian Speedway Line. A KCSR spokesman said that this CTC cutover, combined with a cutover from Smiths to Monument, MS earlier this year, completes CTC on a 50-mile stretch of this line. The spokesman added that KCSR plans further CTC activations from East Bossier City, LA through Shreveport, LA to Foster, LA this quarter, and from Texas Avenue to the south end of Deramus Yard in Shreveport in the third quarter. (ffd: AAR)

(MON) Steel Dynamics, Inc. announced that it had formed a joint venture, known as Dynamic Composites LLC, for the purpose of manufacturing composite railroad ties. The joint venture plans to invest about \$5 million to equip and start up a facility at a site to be determined that will have the capacity to produce 250,000 such ties annually. (ffd: Railway Age)

(THU) Union Pacific filed to discontinue service over approximately 1 mile of line between Stiles Ave. and near Second St. in Oklahoma City, OK. (ffd: STB)

(FRI) Container and trailer manufacturer Wabash Intermodal announced that it would withdraw from the domestic intermodal container market by the end of this month. Commented Wabash CEO Bill Greubel, "It has become increasingly clear that corrugated steel boxes from China and Korea adequately satisfy customer requirements at prices significantly lower than our container offering." Mr. Greubel added that Wabash will focus on its core trailer market. (ffd: Railway Age)

APPOINTMENTS, ACHIEVEMENTS AND ALIKE:

(MON) BNSF Railway appointed Cal Reynolds AVP-Expedited Services. Mr. Reynolds was most recently BNSF's AVP-Food & Consumer Goods. (ffd: BNSF Corp., Progressive Railroading)

(FRI) Montreal, Maine & Atlantic Railway appointed John Schultz VP-Transportation. Mr. Schultz replaces John Scott, who recently resigned. Mr. Schultz was most recently Director-Transportation Services for the Union Pacific in Denver, CO. (ffd: MM&A Rwy. 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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