

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING SAT, APRIL 23, 2005

BY DAVE MEARS

(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):

(SUN) Alaska Railroad opened its new System Operations Center. A railroad spokesman said that the Center will be staffed by approximately 200 employees involved with dispatching, health services, safety and operations. The Center locates in Anchorage, AK. (ffd: KTUU TV)

(MON) Federal District Court Judge Emmet Sullivan denied CSX's plea to overturn Washington, DC.'s recently enacted ban on hazardous rail shipments moving within 2 miles of the U.S. Capitol. In making his ruling, Judge Sullivan said that the ban is appropriate until the federal government devises a solution to safeguard the capital from terrorist attacks against such shipments. The following day, Tuesday, CSX was granted a stay on the ban by a federal appeals court. The ban had been scheduled to go into effect on Wednesday. (ffd: Washington Post, wire services)

(MON) Amtrak operated 1 Acela trainset in service, but then announced that it would not run any Acela Service through at least Friday and possibly longer. Amtrak took all 20 Acela trainsets out of service the previous week due to the discovery of potentially dangerous cracks in trainset brake disc assemblies. On Wednesday, Amtrak said that it would temporarily replace Acela Service with Metroliner Service, utilizing conventional Amfleet equipment, supplementing Metroliners with Regional Service, also utilizing Amfleet equipment. Also on Wednesday, Amtrak VP-Operations William Crosbie said that Amtrak was working with the trainset manufacturers, Bombardier and Alstom, to determine the true lifecycle of the brake discs and provide replacements. "The [Acela] trains are under warranty and it is the responsibility of the manufacturer consortium to come up with a plan for service restoration...It is our hope that the manufacturer will be able to resolve these issues and that Acela will gradually return to service this summer," said Mr. Crosbie. (ffd: Amtrak, Washington Post, wire services)

(MON) Minnesota Governor Tim Pawlenty signed a \$945 million state bonding bill, which included \$37.5 million for the State's Northstar Commuter Rail project. A state spokesman said that the service is planned to operate out of Minneapolis, MN approximately 40 miles to Big Lake, MN over BNSF. The spokesman added that the cost of the Northstar project is expected to total approximately \$265 million and that approximately half the funding is expected from federal grants. (ffd: ABC, NARP)

(MON) Canadian Pacific announced that it would make infrastructure improvements this year to its Western Canada main lines totaling approximately C\$160 million. A CPR spokesman said that this included 10 major projects between Moose Jaw, SK and Calgary, AB to extend sidings and lay sections of doubletrack; 3 between Edmonton, AB and Calgary to extend sidings and build a new siding; and 12 between Calgary and the Port of Vancouver, BC to extend sidings and lay sections of doubletrack. Also this week, CPR signed an agreement with representatives of the Port of Vancouver to

further improve CPR rail services to and from the Port. (ffd: CP Corp., Railway Age)

(TUE) The Senate Finance Committee approved a nearly 50 percent boost in the pre-tax mass transit benefit. Progressed by Sen. Charles Schumer (D-NY), the provision would increase the monthly benefit employers can offer employees for transit expenses from \$105 to \$155. The provision was added to the Transportation Equity Act replacement legislation, which must still be considered and approved by the full Senate. (ffd: Journal News, NARP)

(WED) New Jersey Transit's Board of Directors approved a series of fare increases, effective July 1. An NJT spokesman said that NJT commuter rail and interstate bus fares will increase an average of 9.9 percent, but noted that this was less than the 13 percent fare increase earlier proposed. The spokesman added that the base fare for local NJT bus, Newark City Subway and Southern New Jersey River Light Rail Line rides will increase to \$1.25 from \$1.10 and that the Hudson-Bergen Light Rail Line fare will increase to \$1.75 from \$1.50. (ffd: NJ Transit)

(WED) Association of American Railroads affiliate Railinc said that over 460 North American rail carriers were now using its RailSight software to report event data. A Railinc spokesman noted that RailSight supports numerous Car Location Message formats, ETAs and purchase order numbers, and now also includes formats for intermodal users to include in-gate events and in-bond customs information. "RailSight is just one more component in the full suite of rail data services Railinc offers," said Dick Flynn, Railinc's AVP-Marketing & Sales. (ffd: AAR)

(WED) Architectural designs were debuted for the project to redevelop the old New York Central High Line on the Lower West Side of Manhattan into "New York's most unique public space." New York City has committed to rebuilding the High Line, which totals 1.5 miles in length and was last used for rail freight service in 1980, for public use. The designs will be on public display at the Museum of Modern Art through July 18. (ffd: Architectural Record)

(THU) At a Senate Commerce Committee hearing, Amtrak Board Chairman David Langey and Amtrak President David Gunn proposed a new strategic plan for Amtrak. The proposed plan contains some elements of the Department of Transportation's earlier Amtrak reform plan, but phases in elements of the latter plan over time. The Amtrak plan also proposes Fiscal Year 2006 federal funding totaling \$1.82 billion and securing a stable source for future funding. It includes 4 fundamental objectives: Development of passenger rail corridors utilizing a federal/state matching funding approach common to other modes; continuation of Northeast Corridor ownership with return of the NEC to a state-of-good-repair and operational reliability; establishment of phased-in financial performance thresholds for Amtrak's existing long-distance trains and any future similar proposed service; and creation of markets for competition, private commercial participation, and industrial reforms in various rail functions. With regard to competition, the plan further proposes a "level playing field" for Amtrak and any competing train operators, with extension of access rights to freight railroads, termination of existing rail labor contracts at expiration, and transition of new passenger rail workers into the Social Security System instead of the Railroad Retirement System. Also testifying at the hearing were DOT Inspector General Kenneth Mead and DOT General Counsel Jeffrey Rosen. Commenting on the Bush Administration's earlier reform plan and omission of FY2006 funding, Sen. Trent Lott (R-MS) asked Mr. Rosen, "How did the Administration come up with such a ridiculous proposal?," to which Mr. Rosen offered that it was "a call to action." The hearing was televised live on C-Span and later rebroadcast. (ffd: NARP, Railway Age, wire services)

(THU) Canadian National CEO Hunter Harrison said that CN may consider acquiring more small railways in Canada and the U.S. Speaking at CN's annual meeting in Montreal, PQ, Mr. Hunter said, "There are still small railroad opportunities, regionals, shortlines, some switching carriers that we'd have an interest in if they were for sale at the

right price." Countering industry word-of-mouth that CN was last year considering a bid for CSX, Mr. Harrison suggested that it was unlikely that there would be a merger between CN and another North American Class 1 railroad, but that the company was looking at smaller opportunities similar to its acquisition of BC Rail last year. (ffd: Canadian Press)

(THU) A Union Pacific intermodal train derailed 34 cars near Tyrone, OK, approximately 10 miles southwest of Liberal, KS. The train was on UP's Golden State Route, enroute from Long Beach, CA to Chicago, IL. A UP spokesman said that it was anticipated that the line would be reopened by late Friday. (ffd: Trains)

(THU) The North Carolina Railroad announced that it would make infrastructure improvements this year to the line between Raleigh, NC and Goldsboro, NC totaling approximately \$18 million. A spokesman said that improvements included construction of 3 passing tracks and installation of a remote traffic control system. The railroad, which is owned by the State of North Carolina, owns the 317-mile line between Moorhead City, NC and Charlotte, NC. The line is operated as part of Norfolk Southern, with traffic of approximately 60 daily NS freight trains and 8 daily Amtrak trains. (ffd: NCRR)

(THU) In advance of International Earth Day, the Railway Association of Canada released a report showing that Canada's railroads reduced fuel consumption and greenhouse gas emissions in 2003 despite moving 30 percent more freight and passenger traffic than in 1990. "The whole 2003 workload – freight and passenger – was handled by just 2,893 locomotives," said Bruce Burrows, RAC's Acting President and CEO. "The railways, and their customers, [also] have benefited from [Canadian] demonstration programs that have helped fund fuel reduction initiatives, such as electronic fuel injection and electronic stop-start systems that reduce the amount of time engines are idle." (ffd: Progressive Railroading)

(FRI) The Federal Railroad Administration published its final version of its new rule regulating locomotive horn "whistle" bans. The rule allows for "quiet zones," at the discretion of localities, at highway-rail grade crossings where a minimum of warning gates and lights are in service. The rule also establishes the first-ever maximum train horn volume level and reduces the amount of time a horn may be sounded. The new rule takes June 24, 2005. (ffd: USFRA)

#### STATS – TRAFFIC:

(THU) For the week ending April 16, 2005, U.S. rail volume grand totaled 33.3 billion ton-miles, up 4.7 percent from the comparable week last year and a new weekly record. Also for the week, U.S. carload rail traffic was up 3.1 percent, up 5.6 percent in the East and up 1.2 percent in the West. Notable traffic increases included coke up 36.2 percent, crushed stone, sand and gravel up 13.5 percent and grain mill products up 12.5 percent; notable traffic decreases included primary forest products down 8.4 percent and metallic ores down 8.5 percent. Also for the week, U.S. intermodal rail traffic was up 6.4 percent, Canadian carload rail traffic was down 4.0 percent, Canadian intermodal rail traffic was down 0.2 percent, Mexico's Transportacion Ferroviaria Mexicana's carload rail traffic was up 9.7 percent and TFM's intermodal rail traffic was up 25.2 percent.

For the period January 1 through April 16, U.S. rail volume grand totaled 474.1 billion ton-miles, up 3.6 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was up 2.7 percent, U.S. intermodal rail

traffic was up 7.4 percent, Canadian carload rail traffic was up 1.4 percent, Canadian intermodal rail traffic was up 4.2 percent, TFM's carload rail traffic was up 4.3 percent and TFM's intermodal rail traffic was up 9.0 percent. (ffd: AAR)

#### MORE STATS – "BIG 7" OPERATING PERFORMANCE:

(FRI) For the week ending April 16, 2005 versus the comparable week last year, average train speed was as follows: BNSF, 24.3 mph versus 26.3 mph; Canadian National, 25.7 mph versus 25.1 mph; Canadian Pacific Railway, 24.6 mph versus 26.0 mph; CSX, 19.6 mph versus 20.6 mph; Kansas City Southern, 24.0 mph versus 27.0 mph; Norfolk Southern, 22.0 mph versus 23.7 mph; Union Pacific, 21.3 mph versus 21.6 mph.

(FRI) For the week ending April 16, 2005 versus the comparable week last year, average terminal dwell time was as follows: BNSF, 9.9 hrs versus 9.6 hrs; Canadian National, 12.6 hrs versus 13.2 hrs; Canadian Pacific, 32.8 hrs versus 24.3 hrs; CSX, 29.8 hrs versus 28.0 hrs; Kansas City Southern, 27.4 hrs versus 26.4 hrs; Norfolk Southern 24.0 hrs versus 22.2 hrs; Union Pacific, 27.0 hrs versus 31.7 hrs. (ffd: AAR)

(Note: Concerning the above statistics, AAR comments that "one railroad's performance metrics cannot meaningfully be compared to another railroad's, due to differences in the carriers' calculation methodologies, operational strategies, network characteristics, terrain, traffic mix and volume, length of haul, extent of passenger operations, and other factors, such as weather.")

#### STILL MORE STATS – FIRST QUARTER, 2005 RESULTS:

(WED) For the First Quarter, 2005, Canadian National reported net income of C\$299 million, up from C\$210 million the previous first quarter. Revenues were C\$1.71 billion, up from C\$1.44 billion the previous first quarter. CN's operating ratio improved to 69.2 percent, compared with 72.5 percent the previous first quarter. A CN spokesman noted the affect of "a solid economy, revenue gains from CN's 2004 acquisitions, a higher fuel surcharge, freight rate increases and a return to more normal traffic levels following the First Quarter, 2004 Canadian Auto Workers strike" related to first quarter results. (ffd: CN Corp., Railway Age)

(THU) For the First Quarter, 2005, Union Pacific reported net income of \$128 million, down from \$165 million the previous first quarter. Revenues were \$3.2 billion, up from \$2.9 billion the previous first quarter. UP's operating ratio worsened to 90.1 percent, compared with 89.1 percent the previous first quarter. In reporting results, a UP spokesman noted the affect of higher fuel prices, "network challenges we continue to face, as well as the West Coast storms" related to first quarter results. (ffd: UP Corp., Railway Age)

#### EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) The Surface Transportation Board issued a supplemental analysis stating that no environmental protection

conditions beyond those previously established were needed related to the Dakota, Minnesota & Eastern's proposed expansion to reach the Powder River Basin coal fields. The supplemental analysis follows a 2003 federal appeals court ruling upholding STB's endorsement of the expansion, but also directing the STB to consider some further related environmental matters. The DM&E is working to assemble financing to construct approximately 280 miles of new line and upgrade 600 miles of existing line to access the Powder River Basin. (ffd: St. Paul Pioneer Press)

(TUE) The Central Oregon & Pacific reopened its 3,100-foot-long Tunnel 13 near Ashland, OR, which had been closed since November, 2003 due to fire, severing its line between California and Oregon. A CORP spokesman said that repairing the tunnel cost approximately \$18 million and that final repairs were still being completed. (ffd: Medford Mail Tribune)

(TUE) The State of South Dakota's State Railroad Board approved a resolution granting the State's Office of Railroads authority to grant trackage rights over 3 state-owned rail lines to the Dakota, Minnesota & Eastern. The trackage right assignments are being disputed by BNSF, which recently filed with the Surface Transportation Board to acquire these and other lines, totaling approximately 363 miles, from the State. BNSF has said that their purchase option is allowed by a 1986 operating agreement negotiated with the State by its predecessor Burlington Northern. (ffd: Black Hills Pioneer)

(WED) BNSF filed to grant D&I Railroad trackage rights over approximately 2 miles of BNSF line in and near Sioux Falls, SD. The purpose of the trackage rights is to provide D&I with a route to replace trackage being removed in connection with a redevelopment project by the City of Sioux Falls. (ffd: STB)

(THU) BNSF announced that Watco's Kaw River Railroad had leased from BNSF and would operate approximately 15 miles of line effective this date. The line extends between Kearney, MO and Birmingham, MO. (ffd: BNSF Corp.)

(THU) Watco's Mississippi Southern Railroad filed to lease, from Kansas City Southern, and operate approximately 27 miles of line between Bay Springs, MS. and Newton, MS. (ffd: STB)

(THU) Savage CANAC announced that it would acquire, from North American RailNet, the Alberta RailNet Railroad. Albert RailNet totals approximately 345 miles of line serving the Canadian Province of Alberta. Terms of the sale were not disclosed. (ffd: Grand Prairie Herald-Tribune)

(FRI) Columbus & Greenville Railway filed to acquire, from the City of Greenwood, MS, and operate approximately 3 miles of newly constructed bypass rail line in and near Greenwood. (ffd: STB)

#### APPOINTMENTS, ACHIEVEMENTS AND ALIKE:

(MON) BNSF appointed Mark Schulze VP-Safety, Training & Operations Support. Mr. Schultze, who was most recently BNSF's GM-Texas Division, replaces Greg Stengem, who has announced his retirement effective June 1. (ffd: BNSF)

Corp.)

(WED) The operating authority constructing Phoenix, AZ's new light rail line appointed Joe Marie Director-Operations & Maintenance and Vicki Barron Director-Design & Construction. Mr. Marie and Ms. Barron previously worked on the Minneapolis, MN's light rail line, which opened last summer. Phoenix's light rail line, which will include 27 stations and approximately 20 miles of line, is projected to start service by December, 2008.

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HAVE A SAFE AND PROSPEROUS WEEK,

Dave Mears

Cherry Hill, New Jersey, USA