

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, JUNE 29, 2012

BY DAVE MEARS

(NOTE 1: I have been advised by some of you that you are receiving multiple copies of Weekly Rail Review. I apologize for this happening, am working on this problem and hope to have it fixed shortly.)

(NOTE 2: 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 June 27 for the week ending June 22.)

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

(SUN) Two Union Pacific freight trains collided head-on near Goodwell, OK. The crash killed three of the four crewmembers, the surviving crewmember having jumped off his locomotive prior to impact. Officials investigating the accident commented that one of the trains possibly may not have moved onto a passing siding as it should have. (Ref: The Oregonian, wire services)

(MON) Canada's Minister of Transport Denis Lebel said that he would introduce in the Canadian Parliament "...a bill which would give shippers the right to service agreements with the railways and provide a process to establish such an agreement should commercial negotiations fail." Although his statement was endorsed by a Canadian shipper coalition, it was criticized by CN President and CEO Claude Mongeau, who noted that the government's earlier "Rail Freight Service Review" initiative did not endorse such actions. "Shippers' demands for greater government invention in rail service are greatly misguided," said Mr. Mongeau. "CN strongly urges the federal government to favor commercial solutions to rail service issues." (Ref: Progressive Railroading, Railway Age)

(MON) CSX released its "2011 Corporate Social Responsibility Report" outlining the company's operations, environmental, social and financial performance. CSX noted in the report that, in 2011, it hired approximately 4,000 employees, nearly one-quarter of which were military veterans. It also noted that it has so far planted over 17,000 trees in its "Trees for Tracks" initiative, which aims to plant a tree for every mile of its 21,000-mile network. (Ref: CSX RR)

(WED) Relevant to coal being U.S. railroads' most voluminous traffic after intermodal, a federal appeals court upheld a lower court ruling that the U.S. Environmental Protection Agency has the right to regulate greenhouse gas emissions under the Clean Air Act. The court dismissed four separate lawsuits filed by plaintiffs that included several states and the U.S. Chamber of Commerce. Coal industry analysts commented that the ruling may have future impact on the use of coal for electrical power generation. (Ref: Railway Age, Wall Street Journal)

(WED) Amtrak announced that a \$25 million improvement project at Chicago, IL's Union Station has been completed. The renovations to the station's Great Hall and its attached eight-story building will permit Amtrak to relocate its Chicago office employees back into the building, as well as increase its available retail space. "What was previously unrentable space because of life-safety issues and inadequate ventilation systems has become prime real estate," said Ray Lang, Amtrak's chief of state government relations. (Ref: Progressive Railroading)

(WED) Confirming earlier reports, VIA Rail Canada announced service reductions by late October in response to planned or anticipated cuts in the funding it receives from the Canadian government. Included in the cuts are the reduction in off-season service of the Montreal-to-Halifax "Ocean" from six to three round trips per week; reduction in off-season service of the

Toronto-to-Vancouver “Canadian” from three to two round trips per week; and reductions in service in Southwestern Ontario, where GO Transit and other services are available to commuters. (Ref: NARP, VIA Rail Canada)

(THU) In a notable report by an established mainstream media periodical, Time Magazine published an article championing U.S. railroads and criticizing the actions of rail shipper advocacy organizations. The article, by Time’s Tom Grunwald, noted that the U.S. rail system “...will get \$23 billion worth of upgrades this year and taxpayers won’t pick up the tab.” Mr. Grunwald also commented, “It’s amusing to see supposed fans of the free market...seek government price controls on productive businesses (which would, of course, lead the railroads to reduce service and pull back on capital investments) in order to prop up their own uncompetitive businesses.” (Ref: Time Magazine)

(FRI) Congress passed a new surface transportation bill, which was then sent to President Obama for his consideration for signing into law. The bill was passed right before the expiration of the ninth extension of the SAFETEA-LU Act of 2005, the previous surface transportation law. The bill, which does not include any significant rail components, funds federal highway, transit and safety programs at current levels through the end of Fiscal Year 2014. (Ref: wire services)

(FRI) Chicago commuter rail operator Metra debuted its new “Rail-Time Tracker” feature. The feature, available on both the desktop and mobile Metra websites, allows riders to check the status of scheduled trains at every station on the Metra system. If a train is delayed more than 30 minutes or its regular schedule modified, a special link on the site will connect a user to a service advisory with an explanation. (Ref: Metra)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) The Association of American Railroads reported that, for the week ending June 23, 2012 and ranked with the comparable week last year:

-U.S. carload rail traffic totaled 288,730 units, up 1.4 percent

-Notable U.S. carload traffic increases included petroleum products up 51.4 percent, motor vehicles and equipment up 27.8 percent, and lumber and wood products up 17.1 percent; notable traffic decreases included metallic ore down 29.3 percent and iron and steel scrap down 14.2 percent

-U.S. intermodal rail traffic totaled 246,128 units, up 4.8 percent

-Canadian carload rail traffic totaled 75,486 units, up 4.6 percent

-Canadian intermodal rail traffic totaled 54,160 units, up 11.1 percent

-Mexican carload rail traffic totaled 15,606 units, up 5.7 percent

-Mexican intermodal rail traffic totaled 10,761 units, up 17.1 percent

For the period January 1 through June 23, 2012 and ranked with the comparable period last year:

-U.S. carload rail traffic totaled 7,046,184 units, down 2.9 percent

-U.S. intermodal rail traffic totaled 5,796,233 units, up 3.2 percent

-Canadian carload rail traffic totaled 1,916,798 units, up 3.4 percent

-Canadian intermodal rail traffic totaled 1,254,229 units, up 7.1 percent

-Mexican carload rail traffic totaled 348,906 units, down 2.6 percent

-Mexican intermodal rail traffic totaled 229,965 units, up 19.4 percent

Note: Canadian traffic totals include that traffic on U.S. operations of the Canadian National and Canadian Pacific Railways.

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) PS Technology, a wholly owned subsidiary of Union Pacific Railroad, announced that it had acquired Yard Control Systems, a division of Ansaldo STS USA. Based in Norristown, PA, Yard Control Systems is a manufacturer of classification yard automation and control systems. (Ref: wire services)

(THU) Canadian National filed with the Surface Transportation Board to abandon approximately two miles of the former Elgin, Joliet & Eastern's Goose Lake Segment near Morris, IL. (Ref: STB)

(THU) V&S Railway filed with the Surface Transportation Board to discontinue service over approximately 60 miles of line between NA Jct. and Haswell, CO. (Ref: STB)

(FRI) Midwest Rail LLC, doing business as the Toledo, Lake Erie & Western Railway, filed to lease, from Norfolk Southern, and operate approximately two miles of line between Maumee and Waterville, OH. (Ref: STB)

(FRI) Twin Cities & Western Railroad filed with the Surface Transportation Board to acquire and operate the Sisseton Milbank Railroad. The railroad operates between Sisseton, SD and a connection with the BNSF Railway at Milbank, SD, totaling 37 miles of line. The TC&W said that it expects to close on the sale by the end of July. (Ref: STB, Trains)

(FRI) The Wyoming Connect Railroad filed with the Surface Transportation Board to lease, from Union Pacific, and operate approximately 19 miles of line between near Yoder and near South Torrington, WY. (Ref: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(SAT) Former Kansas City Southern CEO Michael Haverty was inducted into the National Railroad Hall of Fame. Also inducted were the late John Barringer III and the late Grenville Dodge, the latter the founder of the Union Pacific Railroad. The induction ceremony took place at Seymour Library on the campus of Knox College in Galesburg, IL. (Ref: Galesburg Register-Mail)

(MON) Amtrak appointed Jason Molfetas as Chief Information Officer. Mr. Molfetas, who was most recently with Recall, an Australian-based company involved in secure information management and logistics, succeeds Edward Trainor, who recently retired. (Ref: Amtrak)

(FRI) The board of directors of Canadian Pacific Railway elected Hunter Harrison as President and Chief Executive Officer. Mr.

Harrison was the head of Canadian National Railway from 2003 until 2009 and succeeds Fred Green, who resigned when seven board members favored by Pershing Square, an investment fund with a large block of CPR stock, were elected. In a related story, CN said that it would continue its lawsuit against Mr. Harrison related to his new involvement with CPR. "Earlier this year, CN's board cancelled Mr. Harrison's future pension payments and as yet unpaid restricted stock units and other benefits," a CN spokesman said. "CN's court proceeding in the State of Illinois seeks a declaration confirming its legal right to cancel such payments and benefits. It also seeks to enforce Mr. Harrison's covenants that he will not solicit CN personnel for a certain period of time and that he will not disclose confidential CN information at any time." (Ref: Progressive Railroading, wire services)

(FRI) Shortline holding company Patriot Rail appointed Jim Schultz as Executive Vice President and Chief Administrative Officer. Mr. Schultz was earlier the Vice President and Chief Safety Officer for CSX, and was with the Federal Railroad Administration prior to that. (Ref: RT&S, Patriot Rail RRs)

(FRI) Kansas City Southern appointed Jeff Songer as Vice President and Chief Engineer. Mr. Songer succeeds John Jacobsen, who recently retired. (Ref: KCS RR)

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Have a Railroad Safe Day,

Dave Mears