

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

(MON) A federal judge in Massachusetts issued a restraining order against three Massachusetts Institute of Technology students to prevent them from making a presentation at a computer conference that would show how to hack into Boston MA's bus and subway fare collection system to obtain free rides. The order was in response to a complaint filed by the Massachusetts Bay Transportation Authority, which said that the students would be presenting before the agency had a chance to fix the flaws in the system. An MBTA spokesman said that, after the presentation showed how to hack into the system, it then noted that it was illegal to do so and that the material presented was "for educational use only." (ffd: wire services)

(MON) The Maryland Transit Administration (MTA) announced that it was, for the time being, dropping plans to add weekend service to its Penn Line or midday runs to its Camden Line. MTA Chief Administrator Paul Wiedefeld said that the agency had so far been unable to reach agreement for more Penn Line trains with Amtrak and for more Camden Lines trains with CSX, due mainly to capacity issues. The wanted service increases are part of a sweeping, 28-year plan MTA unveiled last September to triple capacity on MARC. Among other improvements, the plan envisions replacement of Amtrak's B&P Tunnel in Baltimore by 2020 and of CSX's Howard Street Tunnel in Baltimore by 2035. (ffd: Baltimore Sun)

(MON) Simmons-Boardman Books released the fifth edition of the book, "The Railroad: What It Is, What It Does." The book, first authored by the late John Armstrong in the 1970s, is considered by many the best textbook overview of the railroad industry. The publisher said that the new edition contains nearly a hundred pages of new information including new chapters on business development and marketing, and on labor relations, including the Railway Labor Act. (ffd: Railway Age)

(MON) Dallas Area Rapid Transit (DART) marked its 25th anniversary. DART operates Dallas area bus and light rail transit services, the latter now a 45-mile network. Currently, DART is building a 28-mile light rail line between Dallas and Carrollton TX, and is planning to fully double its light rail network by 2018. (ffd: Progressive Railroading)

(MON) The National Mediation Board, which arbitrates cases covered under the Railway Labor Act, announced a new "Arbitrators' Caseload Report" section of its web site, [nmb.gov](http://nmb.gov). A NMB spokesman said that the report shows grievance cases by arbitrator and whether or not a case is late, meaning a decision that has not been rendered within six months of when an arbitrator heard the case. The spokesman added that the report also provides a direct link to an NMB database reflecting current updates. (ffd: NMB, Progressive Railroading)

(TUE) Utah Transit Authority (UTA) broke ground for its FrontRunner South commuter rail line. The project will extend the FrontRunner's initial Ogden-to-Salt Lake City line 44 miles south to Provo. Scheduled for completion in 2012, the eight-station line will run along existing Union Pacific right-of-way. (ffd: Progressive Railroading, UTA)

(TUE) The Federal Railroad Administration (FRA) announced the launch of a new Risk Reduction Program (RRP). An FRA spokesman said that the initiative, which will supplement current federal regulations, calls for developing "innovative" methods, processes and technologies to address train accident and employee injury risk factors. The spokesman added that the program encourages voluntary participation by railroads and their workers by targeting specific risk categories, such as confidential close-call reporting systems, peer-to-peer accident prevention strategies and fatigue risk management programs. (ffd: FRA)

(TUE) The Canadian government announced that a planned formal review of Canadian National and Canadian Pacific Railway could take up to 18 months to complete. The review, a government spokesman said, will be a two-phase process. The first phase will investigate problems and analyze data, and the second phase will see a three-person panel consult participants and make recommendations. The review was announced last year and begun last April. (ffd: wire services)

(WED) Eight unions were joined by BNSF in filing a motion in a U.S. appeals court challenging a new U.S. Department of Transportation rule covering re-testing of transportation workers who had earlier failed a drug test. The rule, which was originally scheduled to take effect August 25, requires individuals being re-tested to be partially undressed and directly observed while producing a urine sample for federal mandated drug tests. In issuing notice of the rule, USDOT said that the new procedures were designed to overcome deceptive prosthetic devices that had been used by some individuals being re-tested. (ffd: USDOT, Progressive Railroading)

(WED) New Jersey Transit approved the purchase of 50 additional bi-level commuter rail cars. The new purchase order will increase NJT's planned bi-level fleet to 329 cars, 170 of which have already been delivered, and 143 of which are already in service. The cars are being assembled by Bombardier Transportation. The bi-levels, which are in service on NJT's Northern New Jersey trains, have been praised by riders, especially for their 2-2 seating configuration that avoids the much-disliked 3-2 seating on many NJT single-level cars. (ffd: Times Herald Record)

(WED) Amtrak announced that it had begun using a new video system to help communicate key security information to passengers getting ready to board its trains. The new system, known as PASS for Passenger Advisory at Security Screening, features a 1-minute, 40-second video that explains security measures, including random baggage screening and K-9 patrol units. An Amtrak spokesman said that the system is now in use at Washington DC Union Station. (ffd: [redorbit.com](http://redorbit.com))

(THU) A city historian in New York State announced that he has unearthed what is believed to be the country's first rudimentary railroad tunnel. Don Rittner, city historian of Schenectady NY, said that the tunnel had been unearthed 15 feet beneath the city's historic Stockade district and dated from 1832. Mr. Rittner said he believed the tunnel not only the first ever constructed in the U.S. for use by a locomotive, but that its entrance was also the nation's first junction of two railroad companies' tracks. (ffd: Schenectady Daily Gazette)

(THU) Amtrak announced that its July, 2008 patronage of 2,750,278 was the most for any single month in its 37-year existence, and up 14 percent compared with its July, 2007 ridership. Ticket revenue for July was up \$168 million, up 18.6 percent from the year-ago month. An Amtrak spokesman noted that all its services except one, the Chicago-Grand Rapids MI run, had experienced ridership increases. Amtrak President Alex Kummant commented that the notable increases were due to factors including "increased fuel prices, highway congestion, airline issues and environmental awareness." (ffd: Amtrak, Wall Street Journal)

(THU) Philadelphia PA rail and transit operator SEPTA announced what it said was its largest one-time service expansion in its history. A SEPTA spokesman said that it will apply \$10 million to increase regional rail and bus frequencies, including adding late-night rail service. SEPTA GM Joe Casey said that the service expansion was in part made possible by Pennsylvania's recent signing into law Pennsylvania Act 44, which provides a steadier stream of SEPTA funding. Mr. Casey further noted that SEPTA expects to add 120 Silverliner V electric-multiple-unit cars in 2009, its first new commuter rail car purchase in 40 years, and that it has recently acquired eight used cars from New Jersey Transit. (ffd: SEPTA, Railway Age)

(THU) New Jersey Transit announced a new joint ticketing agreement with SEPTA. Whereas riders starting their trips on NJT were previously only able to purchase SEPTA tickets to three Philadelphia stations, they can now purchase them through to up to 125 SEPTA destinations. A NJT spokesman said that joint NJT-SEPTA ticketing will be available at NJT and SEPTA station ticket windows and from NJT rail ticket vending machines. (ffd: NJ Transit)

(FRI) In paperwork filed with the U.S. Securities and Exchange Commission, Warren Buffet's Berkshire Hathaway Funds noted that they had continued to increase their railroad holdings. This latest filing notes Berkshire Hathaway having recently doubled their holdings in Union Pacific, from 4.45 million to 8.9 million shares. Berkshire Hathaway also owns a large percentage of BNSF equity, at last report totaling 18 percent of all BNSF common shares. (ffd: Railway Age)

(FRI) Amtrak's planned 100th anniversary celebration for its Washington DC Union Station has been rescheduled to October 4 and 5. Festivities were previously planned for September 27 and 28. (ffd: Amtrak)

(FRI) The State of South Carolina announced that it was in the process of developing a statewide rail plan. The plan, which will be assembled by Wilbur Smith Associates, will be managed by the State's Public Railway Division & Commerce Department. A state spokesman said that the plan will review passenger rail and freight rail impact on economic development, and assess rail's role in the state's multi-modal transportation infrastructure. The plan is to be completed in January, 2009. (ffd: RT&S)

(FRI) The Association of American Railroads released its thirtieth edition of "Analysis of Class 1 Railroads." The AAR publication, much of which is sourced from the Class 1 railroads' R1 filings, presents comprehensive 2007 data for each of these railroads. Copies are available to the general public at \$250 for printed and \$225 for electronic, and to AAR members at \$100 printed and electronic at no cost, and may be ordered off the AAR web site. (ffd: AAR)

(FRI) Iowa Interstate Railroad announced that it would again operate the two modern Chinese steam locomotives recently acquired and brought to the U.S. by its parent, RDC Corporation. In a prepared statement, the IAIS said that special trains powered by the locomotive would be operated October 18 and 19 between Iowa City IA and Rock Island IL, and include "an attempt to set a record for steam-hauled revenue tonnage" this decade. IAIS said that the proceeds from the train trips and other special rail-related events going on in Rock Island IL these days would benefit The Salvation Army, in appreciation of their relief efforts on behalf of communities impacted by Midwest flooding last June. (ffd: IAIS RR)

## STATS – "BIG 7" TRAFFIC

(EDITOR'S NOTE: Canadian traffic includes that on the U.S. operations of Canadian National and Canadian Pacific.)

(THU) For the week ending August 9, 2008, U.S. rail volume grand totaled 34.2 billion ton-miles, unchanged from the comparable week last year. U.S. carload rail traffic totaled 328,281 units, down 0.1 percent, and was down 2.0 in the East, but up 1.2 percent in the West. Notable traffic increases included metallic ores up 49.5 percent, metals up 5.3 percent, and coal up 5.1 percent; notable traffic decreases included motor vehicles and equipment down 29.6 percent, lumber and wood products down 16.9 percent, and non-grain farm products down 16.5 percent. Also for the week, U.S. intermodal rail traffic totaled 233,948 units, down 1.4 percent, Canadian carload rail traffic was down 4.7 percent, Canadian intermodal rail traffic was up 0.7 percent, Mexico's Kansas City Southern de Mexico's carload rail traffic was down 6.6 percent, and KCSM's intermodal rail traffic was up 11.0 percent.

For the period January 1 through August 9, 2008, U.S. rail volume grand totaled 1.08 trillion ton-miles, up 1.5 percent. Also for this period, U.S. carload rail traffic totaled 10,386,894 units, up 0.3 percent, U.S. intermodal rail traffic totaled 7,120,894 units, up 0.3 percent, Canadian carload rail traffic was down 4.2 percent, Canadian intermodal rail traffic was up 4.2 percent, KCSM's carload rail traffic was down 3.4 percent, and KCSM's intermodal rail traffic was up 8.8 percent. (ffd: AAR)

#### MORE STATS – “BIG 7” (EXCEPT CN) OPERATING PERFORMANCE:

Not reported this week.

#### STILL MORE STATS – CLASS 1 RETURN ON INVESTMENT:

(MON) The U.S. Surface Transportation Board reported that U.S. Class 1 railroads collectively earned a 10.53 percent return on investment (ROI) in the 12 months ending June 30 of this year, compared with 8.56 percent ROI in the 12 months ending June 30 last year. ROI of these railroads in descending order was as follows: Norfolk Southern, 13.57 percent; BNSF, 9.82 percent; Union Pacific, 9.16 percent; Kansas City Southern, 8.32 percent; and CSX, 7.89 percent. Combined net income for Class 1's totaled \$7.1 billion versus 6.0 billion earlier. (ffd: Railway Age)

#### EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Boundary Trail Railway was reported by local media in Southern Manitoba to have reached tentative agreement with Canadian Pacific to acquire line segments in MB's Pembina Valley and establish a farmer-owned short line railroad. The report said that, if final agreement is reached as expected, the company will acquire from CPR the line from Biney Corner to Morden MB, and all of the right-of-way of its La Riviere and Napinka Subdivisions. (ffd: Railway Age)

(MON) GATX was reported to have offered more than \$3 billion to acquire GE's railcar leasing business. GE's is one of two railcar leasing units reportedly on the market at this time, the other being that of CIT. GE's equipment fleet includes 165,000 rail cars and 120,000 intermodal trailers, containers and chassis. (ffd: wire services)

(MON) Progress Rail Services, a subsidiary of Caterpillar, announced that they had acquired Twin City Signal, based in Hudson WI. The company designs railway traffic control systems, interlocking and grade crossing warning systems. (ffd: Railway Age)

(MON) New York, Susquehanna & Western Railway was reported to have filed to discontinue service over 41 miles of line between Shenango Forks and Sherburne NY. The line was notably damaged in 2006 by severe local flooding. (ffd: Binghamton Sun-Bulletin)

(THU) CSX filed to abandon approximately 2 miles of its Southern Region/Atlanta Division/Atlanta Terminal Subdivision line, in and around College Park GA. (ffd: STB)

(FRI) Canadian National petitioned the U.S. Surface Transportation Board to issue a final decision before year's end concerning its proposed acquisition of the Elgin, Joliet & Eastern Railway. In its petition, the railroad requested that the STB decide by September 15 whether to modify its procedural schedule to allow for a final decision by October 15. If the STB does not act by September 15, CN said that it would likely file with the U.S. Court of Appeals to "compel the STB to issue a final decision that would permit CN to close the transaction by December 31." In a prepared statement, CN said that there was "substantial risk" that EJ&E's parent, U.S. Steel, could terminate the transaction if the deal was not closed by year's end. CN reached tentative agreement with USS in September, 2007 to acquire EJ&E for approximately \$300 million, but the proposed acquisition has garnered notable opposition in the region EJ&E serves. (ffd: Progressive Railroading)

#### APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Livonia, Avon & Lakeville Railroad announced the following appointments: Brackett Clark as Chairman; Gene Blabey as President & CEO; Larry DeYoung as EVP, COO & Treasurer; and Paul Whitbeck as Corporate Secretary.

(MON) Massachusetts Central Railroad announced the appointment of W. Robert Bentley as its VP & GM. Also, the railroad announced that it had signed a joint marketing agreement with New Hampshire's Claremont Central Railroad, whereby Claremont Concord VP-Marketing Stephen Fontaine will oversee marketing activities for both railroads. (ffd: Progressive Railroading)

(MON) Union Pacific announced the following appointments: Tom Jacobi as VP-Operating Systems & Practices; Ken Hunt as Regional VP-Operations-Western Region; Rick Turner as Dennis Jacobson as VP-Premium Operations; and Ken Sito as Chief Engineer-Southern Region. (ffd: UP Corp.)

(MON) Western New York & Pennsylvania announced the appointment of Carl Belke as its president. Mr. Belke was most recently WNY&PA's chief engineer. (ffd: WYN&PA RR)

(WED) TTX appointed Don Shaffer its Controller. Mr. Shaffer was most recently a partner at Tatum Partners. (ffd: TTX Corp.)

(WED) Shortline conglomerate Watco Companies appointed Pat Cedeno its VP-Growth Initiatives. Mr. Cedeno was most recently Chief Operating Officer-Central Region. Succeeding Mr. Cedeno will be Dave Eyermann. Mr. Eyermann was most recently Watco's Assistant Chief Operating Officer-Central Region. (ffd: Watco Corp.)

(FRI) Alaska Railroad appointed Ernie Piper its VP-Operations & Chief Operating Officer. Mr. Piper, was most recently a consultant, having previously served ARR in a number of capacities, and succeeds Matt Glynn, who recently resigned. (ffd: ARR)

(FRI) Kansas City Southern Railway appointed Brett Jensen its AVP-Intermodal Sales & Marketing. Mr. Jensen was most

recently a KCS General Director. (ffd: KCS Corp.)

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Weekly Rail Review (WRR) 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.

BE SAFE AND PROSPER,  
Dave Mears  
Cherry Hill, New Jersey, USA