

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, OCTOBER 23, 2009

BY DAVE MEARS

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

(SUN) Iowa Interstate Railroad inadvertently interrupted the Des Moines Marathon when one of its trains operating across a crossing on the race's route. The train delayed the race's leading runners for nearly a minute about one-quarter mile from the finish line. The race's organizers said that, next year, they will work harder to communicate with the railroad about the race's date, time and route. (ffd: wire services)

(MON) The Federal Railroad Administration released a preliminary National Rail Plan. The 33-page preliminary plan covers the objectives for rail as part of a national transportation system, the need for a national plan, the importance of state rail plans in developing the national plan, and outlines a framework and outreach strategy for the national plan. The plan may be viewed on the FRA website at <<http://www.fra.dot.gov/>>[www.fra.dot.gov](http://www.fra.dot.gov/). (ffd: FRA, Progressive Railroading)

(MON) Officials of the Chicago Region Environmental and Transportation Efficiency (CREATE) program announced the completion of what they said was their largest project to date: the Melrose Connection. The project arranges a new connection between the Indiana Harbor Belt and Union Pacific's Proviso Yard, for purposes of increased capacity and decreased congestion. (ffd: Progressive Railroading)

(MON) Florida Governor Charlie Christ called for a special session of the Florida state legislature in early December. Supporters of the SunRail project, which intends commuter rail service for the Greater Orlando area, expressed hope that the legislature would use this special session to finally approve and fund the project, which it has twice before turned down. (ffd: Jacksonville Observer, Orlando Sentinel)

(MON) The Railway Association of Canada presented its annual awards. VIA Rail Canada and Canadian National received RAC's environmental awards, GO Transit and Canadian Pacific received its safety awards, which included an honorable mention for the Central Manitoba Railway. The awards were presented during the RAC's annual general meeting, trade show and research conference in Calgary, AB. (ffd: Canada Newswire)

(MON) Virginia Railway Express announced that it had awarded Keolis Rail Service America the contract to crew its commuter trains operating between Washington, DC and Northern Virginia, starting in mid-2010. Amtrak has crewed VRE trains since the agency's 1992 start. In a related story, MARC announced that it would seek a new operator for its trains running between Brunswick, MD, Washington, DC and Baltimore, MD's Camden Station. A MARC spokesman said that CSX has indicated they no longer want to crew MARC trains, although trains will continue to operate over CSX lines between these cities. (ffd: Baltimore Sun, NARP, Progressive Railroading)

(MON) The Railroad Retirement Board announced that retirement annuities would not include a cost-of-living increase in 2010, because there was no increase in the Consumer Price Index from the third quarter of last year to the corresponding period of the current year. The RRB's announcement mirrors the recent announcement by the Social Security Administration that there would be no cost-of-living increase in social security annuities. (ffd: RRB)

(TUE) The Surface Transportation Board announced that total Class 1 employment was 149,428 in mid-September, the lowest number since the start of the current economic recession. The STB said that the Class 1 employment total was down by nearly 13,000 since mid-September of last year. In a separate media interview later in the week, Norfolk Southern CEO Wick Moorman said, "We are effectively doing no hiring to speak of." (ffd: Journal of Commerce)

(WED) Philadelphia mass transit operator SEPTA received the first of 120 new Silverliner-class, electric-multiple-unit commuter cars. The cars are being manufactured by Hyundai in Korea and being assembled by a Hyundai subsidiary in South Philadelphia. The 120 cars, altogether costing \$244 million, will be put in service over the next 24 months. (ffd: Philadelphia Inquirer)

(THU) A contractor doing work for Norfolk Southern's Heartland Corridor project was killed while working in a tunnel near Steeptown, WV. The contractor, who was using a jackhammer-type excavator to remove material from the roof of the tunnel to increase its clearances, was an employee of Johnson Western Gunite Company. (ffd: Trains)

(THU) Eight locomotives rolled free and out of Union Pacific's Canal Street intermodal terminal in Chicago, IL, then derailed after striking a derail device on the south end of the Chicago River bridge. The derailment caused several Amtrak intercity and Metra commuter trains to be delayed or canceled outright while the accident, which occurred near the 21st Street interlocking, was being investigated and the locomotives re-railed. Delays and cancellations continued into the next day. (ffd: Trains)

(THU) With the growing acceptance of marijuana for medicinal purposes, the U.S. Department of Transportation reminded that persons operating aircraft, trains, trucks and buses would still be in violation of USDOT rules against drug use if they used marijuana for this reason. "It remains unacceptable," said USDOT in a notice issued this date, "for any safety-sensitive employee subject to drug testing under USDOT's drug testing regulations to use marijuana." Attorney General Eric Holder earlier in the week issued new guidelines for U.S. attorneys, advising them not to pursue persons for prosecution who use marijuana in clear compliance with state laws allowing its medical use. (ffd: Journal of Commerce)

(FRI) A commuter who "reverse-commutes" out of Cambridge, MA was declared the winner of Massachusetts Bay Commuter Railroad's "GM 4 A Day" contest. The winner, Richard Cobbe, spent the day riding MBRC commuter rail lines, seeing dispatching operations, and sitting through key meetings with top MBRC officials. Asked by the media, "So if you really had this [general manager] job, what's the first thing you'd do?," Mr. Cobbe stressed the importance of MBRC undertaking more and better communication with riders. (ffd: Metro)

#### STATS:

(THU) For the week ending October 17, 2009, U.S. carload rail traffic grand totaled 31 billion ton-miles, down 13.9 percent from the comparable week last year. U.S. carload rail traffic was down 15.4 percent, down 17.0 percent in the East and down 14.2 percent in the West. Shipments of grain mill products were up 7.3 percent, but all other commodity classifications registered declines. Also for the week, U.S. intermodal rail traffic was down 12.6 percent, Canadian carload rail traffic was down 10.4 percent, Canadian intermodal rail traffic was down 11.3 percent, Mexican carload rail traffic was down 9.5 percent, and Mexican intermodal rail traffic was down 11.3 percent.

For the period January 1 through October 17, 2009, U.S. rail volume grand totaled 1.17 trillion ton-miles, down 17.1 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was down 18.1 percent, U.S. intermodal rail traffic was down 16.5 percent, Canadian carload rail traffic was down 21.7 percent, Canadian intermodal rail traffic was down 16.0 percent, Mexican carload rail traffic was down 12.9 percent, and Mexican intermodal rail traffic was down 17.8 percent. (ffd: AAR)

(Editor's Note: Canadian traffic totals include those of the U.S. operations of Canadian National and Canadian Pacific.)

#### STATS CONTINUED – THIRD QUARTER, 2009 RESULTS:

(WED) For the 3rd Qtr., 2009 and comparing with the 3rd Qtr., 2008, Canadian National reported net income of C\$461 million compared with C\$532 million earlier, a decline of 16.5 percent; operating income of C\$689 million compared with C\$844 million

earlier, a decline of 18.4 percent; and revenues of C\$1.845 billion, compared with C\$2.257 billion earlier, a decline of 18.3 percent. CN's operating ratio this third quarter was 62.7 percent, compared with 62.6 percent their last third quarter. (ffd: CN RR)

(Editor's Note: In comparing the operating ratios of Canadian and U.S. railroads, please note that Canadian railroads, by and large, do not pay health benefits to their employees working in Canada for reason of Canada's national health care system. Canadian railroads do pay health benefits for their employees working in the U.S.)

(WED) For the 3rd Qtr., 2009 and comparing with the 3rd Qtr., 2008, Union Pacific reported net income of \$517 million compared with \$703 million earlier, a decline of 26.5 percent; operating income of \$967 million compared with \$1.215 billion earlier, a decline of 20.4 percent; and revenues of \$3.671 billion compared with \$4.846 billion earlier, a decline of 24.2 percent. UP's operating ratio this third quarter was 73.7 percent, compared with 74.9 percent their last third quarter. (ffd: UP RR)

(THU) For the 3rd Qtr., 2009 and comparing with the 3rd Qtr., 2008, BNSF reported net income of \$488 million compared with \$695 million earlier, a decline of 29.8 percent; operating income of \$901 million compared with \$1.207 billion earlier, a decline of 25.4 percent; and revenues of \$3.595 billion compared with \$4.906 billion earlier, a decline of 26.4 percent. BNSF's operating ratio this third quarter was 74.2 percent, compared with 74.7 percent their last third quarter. (ffd: BNSF RR)

#### EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) New Jersey federal, state and local officials ceremonially broke ground for a new \$40 million train station in Pennsauken, NJ. When complete in 2012, the station will allow passengers on New Jersey Transit's River Line light rail line to connect with passengers on NJT's Atlantic City Line commuter rail line, and vice versa. (ffd: Burlington County Times)

(WED) Canadian Pacific announced that it was seeking a new operator for its 32-mile line between Sicamous, BC and Armstrong, BC. The line had been operated by OmniTRAX as the Okanagan Valley Railway since 1998, but an OmniTRAX spokesman said that they and CPR had recently terminated their operating lease by mutual agreement. (ffd: Trains)

(WED) The Central Railroad of Indianapolis filed to lease, from Norfolk Southern, and operate approximately 16 miles of line between Gas City, IN and Hartford City, IN. (ffd: STB)

(WED) New Jersey Seashore Lines commenced operation of the line between Woodmansie, NJ and Lakehurst, NJ. The line is owned by Clayton Sand, which has a sand mine in Woodmansie. (ffd: Railway Age)

(THU) BNSF filed to abandon approximately two miles of line in and near Tacoma, WA. (ffd: STB)

(FRI) The Adrian & Blissfield Railroad filed to acquire, from the Tecumseh Branch Connecting Railroad, and operate approximately two miles of line in and near Adrian, MI. (ffd: STB)

(FRI) The Dakota Northern Railroad filed to abandon approximately 18 miles of its Glasston Subdivision between Grafton, ND and Glasston, ND. (ffd: STB)

(FRI) The Knox & Kane Railroad filed to abandon its entire line between North Clarion Jct., PA and Jewett, PA, totaling approximately 70 miles. (ffd: STB)

(FRI) Minnesota Northern Railroad filed to abandon approximately 21 miles of its Warroad Subdivision between Roseau, MN and Warroad, MN. (ffd: STB)

(FRI) Piedmont & Atlantic Railroad, doing business as the Yadkin Valley Railroad, filed to acquire, from Norfolk Southern, and operate approximately 93 miles of rail lines, including between Rural Hall, NC and North Wilkesboro, NC and between Rural Hall, NC and Mount Airy, NC. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Kansas City Southern de Mexico appointed David Eaton its VP-Sales & Marketing. Mr. Eaton, who was most recently KCSM's VP-Corporate Affairs & Right-of-Way Protection, succeeds Gloria Ballesteros, who will transition to a consultancy role for KCSM. (ffd: STB)

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Dave Mears

Cherry Hill, NJ