

WEEKLY RAIL REVIEW

FOR THE 7 DAYS ENDING FRI, APRIL 18, 2008

BY DAVE MEARS

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

(MON) Delaware state officials noted their success in creating artificial reefs to shelter sea life using retired New York City subway cars. Officials said that, in the area off the Delaware Coast where the cars were dumped, now known as "Red Bird Reef" after the class of subway cars, marine food per square foot has increased 400-fold in the last seven years and there have been more than 10,000 fishing trips to the site since 1997, up from fewer than 300 trips that year. Officials added that the program may be a victim of its own success; New York State has announced that, pending federal update of the state's reef permits, it will reserve all future retired NYC subway cars to create artificial reefs where New York State borders the ocean. (ffd: New York Times)

(MON) A coalition of Oregon rail shippers commended the U.S. Surface Transportation Board's ruling of the previous week related to an out-of-service rail line of the Central Oregon & Pacific Railroad (CORP). The STB ordered CORP to show cause why the railroad's failure to reopen the line, which is between Coquille, OR and Eugene, OR, should not be considered an unlawful abandonment. The rail line has been shut down for several months due to unsafe conditions in several tunnels on the line, repairs to which are estimated to cost \$20.4 million. (ffd: Oregon News Review)

(MON) New York State's Metropolitan Transportation Authority announced that they would launch a series of initiatives to "further reduce [MTA's] impact on the environment, including its carbon footprint." An MTA spokesman said that it has already made several new environmentally-friendly commitments, including working to derive seven percent of its energy needs from solar, wind and other renewable resources by 2015. The spokesman also noted that, "thanks to our [MTA's] robust [public] transportation network, the energy consumption and carbon dioxide emissions of New Yorkers are a quarter of the national average." (ffd: MTA, RT&S)

(MON) Metro North reminded of its new exhibit in Grand Central Terminal marking the commuter railroad's 25th anniversary. The exhibit, entitled "A Railroad Reborn: Metro-North at 25," includes many unique railroad artifacts of MNRR and predecessor railroads serving the terminal, including photographs, platform and train equipment, diagrams, and models, including a scale model of the Grand Central Terminal complex and trackage. The exhibit runs through July 6. (ffd: The Poughkeepsie Journal)

(TUE) The Surface Transportation Board released cost of capital data calculated using a recently approved change in methodology. The board now uses a capital asset pricing model instead of a single-stage discounted cash flow method in determining cost of capital, having applied the latter since 1982. This resulted in the cost of capital for 2006 being 9.94 percent, down from 2005's 12.2 percent. The STB uses the cost of capital figure to evaluate the adequacy of individual railroads' revenues and, also, in various regulatory proceedings. (ffd: Progressive Railroading, STB)

(TUE) Four trainloads of riders stuck on Chicago Transit Authority's Blue [subway] Line ignored subway personnel and decided to vacate their trains and walk through subway tunnels to station exits. Fearing that passengers could be electrocuted by the third rail, officials temporarily cut off electrical power to the tunnels. Service on the line was disrupted for about four hours. Commenting on the event, a CTA spokesman said, "If passengers had not self-evacuated, we could have gotten people out of trains and restored service sooner." (ffd: New York Times, wire services)

(TUE) A noted academic predicted an increased reliance on railroads in the U.S. in decades to come. "Train travel will supplant highway and air travel in the next few decades," predicts Professor John Stilgoe of Harvard University. "Furthermore, electric railroads will increasingly be used to distribute freight." Mr. Stilgoe qualifies this thesis in his recently published book, "Train Time: Railroads and the Imminent Reshaping of the United States Landscape." Mr. Stilgoe goes on to suggest that population growth, rising gas prices and advanced technology will be factors driving further railroad development. (ffd: RT&S)

(TUE) Norfolk Southern debuted a new "online carbon footprint analyzer" that it said "puts the environmental benefits of rail transportation into an easy-to-visualize perspective." An NS spokesman said that the web-based tool, dubbed the "Green Machine," has capabilities including estimating the reduction in greenhouse gas emissions that occur when rail transportation becomes a large component in shipper supply chains. The "Green Machine" may be accessed at <<http://www.nscorp.com/future>>www.nscorp.com/future. (ffd: NS Corp.)

(WED) The U.S. Department of Transportation announced new federal rules related to the movement of toxic inhalation hazard (TIH) rail shipments. The rules require railroads transporting these shipments to analyze their routes based on 27 risk factors, including trip length, volume, type of hazardous material being moved, and population density before choosing a route "with the fewest overall safety and security risks." Also under the rules, railroads must route trains carrying these shipments based on these determinations or face potential fines of up to \$10,000 per day. (ffd: USDOT, Washington Post, wire services)

(THU) Officials of Illinois's Regional Transportation Authority said that its agencies needed approximately \$10 billion in capital investment to come to a state of good repair and begin needed expansion projects. The RTA's capital list includes new Chicago Transit Authority subway-elevated tracks to eliminate slow orders costing \$689.5 million, improving CTA stations at a cost of \$901 million, and replacing outdated Pace System fixed-route buses at a cost of \$99 million. RTA officials noted that the state has so far proposed only \$1 billion in funding for transit-related projects. (ffd: RT&S)

(THU) The authority overseeing Southern California's Alameda Corridor announced that the 100,000th train was run over the rail line since its opening in April, 2002. The Corridor totals approximately 20 miles of largely grade-separated, double-tracked line running between the Port of Los Angeles-Long Beach and rail yards just outside of downtown Los Angeles. Acclaimed as an outstanding example of public-private transportation partnership, the authority last year announced that fees collected from use of the line had grown to an amount such that it would likely retire its construction bonds several years early. (ffd: Progressive Railroading)

(FRI) A rare Midwestern earthquake awakened residents of several Midwestern states and caused several railroads to temporarily slow or halt operations until tracks could be inspected. Railroads including CSX, Norfolk Southern and Canadian National reported that they had temporarily slowed or halted operations, but none reported any damage to track or infrastructure. The earthquake, which measured 5.4 on the Richter scale, was reported centered in Southern Illinois near the town of West Salem. (ffd: Trains, wire services)

(FRI) Amtrak advertised for sale the Rohr Turboliners refurbished by New York State for Empire Corridor service. The ad, which was posted in publications including Progressive Railroading, advertised seven trainsets, "three of which have been overhauled and stored in Delaware [and] four of which are in various stages of overhaul and stored in New York," all with "direct drive gas turbines and associated spare parts inventory." Originally built and operated in the 1970s, the trainsets were refurbished at great cost by New York State earlier this decade, but operated only briefly before Amtrak took them out of service due to failures and high operating costs, which precipitated a \$477 million lawsuit by the state against Amtrak that was eventually settled for a much lesser amount a few months back. (ffd: Progressive Railroading)

(FRI) Trains Magazine debuted its new YouTube-like "Trains Tube" feature. The magazine said that the web-based video series would feature interviews with "magazine columnists, correspondents, and friends." Available at the Trains Magazine website, the debut video features Trains Associate Editor Andy Cummings interviewing Wisconsin & Southern Railroad locomotive engineer Matt Heeren. (ffd: Trains)

(FRI) The Guinness Book of World Records announced that it was prepared to authenticate a new record for running the world's longest model train. A spokesman for model railroad supplier Empire Builder Railroad Designs said that the record would be broken on April 26 in Scottsdale, AZ when a "G" scale (1:24) model train would be operated, a train to include 47 locomotives and 540 cars on 1,252 linear feet of track representing 6.91 scale miles. The current record is held by an "HO" scale train earlier assembled in Hamburg, Germany in "HO" scale (1:87.1) that totaled 362 linear feet representing 5.969 scale miles. (ffd: wire services)

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 April 12, 2008, U.S. rail volume grand totaled 34.2 billion ton-miles, down 1.4 percent from the comparable week last year. U.S. carload rail traffic was down 2.9 percent, down 6.1 percent in the East and down 0.4 percent in the West. Notable traffic increases included grain up 15.1 percent, metals up 4.2 percent, and food and food products up 2.8 percent; notable traffic decreases included lumber and wood products down 18.9 percent, metallic ores down 18.8 percent, and motor vehicles and equipment down 15.3 percent. Also for the week, U.S. intermodal rail traffic was up 1.9 percent, Canadian carload rail traffic was down 9.1 percent, Canadian intermodal rail traffic was up 5.8 percent, Mexico's Kansas City Southern de Mexico's carload rail traffic was down 5.0 percent, and KCSM's intermodal rail traffic was up 37.5 percent.

For the period January 1 through April 12, 2008, U.S. rail volume grand totaled 500.0 billion ton-miles, up 2.2 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was up 1.0 percent, U.S. intermodal rail traffic was down 3.5 percent, Canadian carload rail traffic was down 2.8 percent, Canadian intermodal rail traffic was up 4.7 percent, KCSM's intermodal rail traffic was down 3.7 percent, and KCSM's intermodal rail traffic was up 14.4 percent. (ffd: AAR)

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

(NOTE: Earlier this month, Kansas City Southern combined operating performance data for its domestic (Kansas City Southern) and Mexican (Kansas City Southern de Mexico) operations. As a result, correct comparative data for KCS for last year is not available at this time.)

(WED) For the week ending April 11, 2008 versus the comparable week last year (except for KCS), average total cars on line was as follows: BNSF, 231,960 cars versus 226,270 cars; Canadian Pacific, 82,319 cars versus 82,337 cars; CSX, 224,280 cars versus 223,265 cars; Kansas City Southern, 49,211 cars; Norfolk Southern, 200,866 cars versus 206,404 cars; and Union Pacific, 303,318 cars versus 307,033 cars.

Also for the week ending April 11, 2008 versus the comparable week last year (except for KCS), average train speed was as follows: BNSF, 24.0 mph versus 23.4 mph; Canadian Pacific Railway, 23.1 mph versus 24.0 mph; CSX, 20.0 mph versus 20.7 mph; Kansas City Southern, 24.6 mph; Norfolk Southern, 21.5 mph versus 21.9 mph; and Union Pacific, 22.8 mph versus 22.9 mph.

Finally for the week ending April 11, 2008 versus the comparable week last year (except for KCS), average terminal dwell time was as follows: BNSF, 25.5 hrs versus 24.4 hrs; Canadian Pacific Railway, 22.7 hrs versus 22.6 hrs; CSX, 22.5 hrs versus 23.7 hrs; Kansas City Southern, 19.7 hrs; Norfolk Southern, 21.0 hrs versus 22.1 hrs; and Union Pacific, 24.3 hrs versus 24.4 hrs. (ffd: AAR)

STILL MORE STATS – 1ST QTR, 2008 RESULTS:

(WED) CSX became the first “Big 7” to debut its First Quarter, 2008 results. CSX reported net income of \$351 million, compared with \$240 million in the first quarter last year. Revenues were \$2.713 billion, compared with \$2.422 billion in the first quarter last year. CSX's first quarter operating ratio was 76.9 percent, compared with 80.0 percent in the first quarter last year. (ffd: CSX Corp.)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Nordco announced that it would acquire Central Power Products of Grandview, MO. Central Power Products is the manufacturer of the Shuttlewagon Railcar Mover. (ffd: RT&S)

(TUE) Shortline holding company Genesee & Wyoming announced that it would acquire Rotterdam Rail Feeding of The Netherlands. Rotterdam Rail Feeding provides short-haul rail and switching services at the Port of Rotterdam, Europe's busiest intermodal and bulk commodity port. (ffd: Progressive Railroading)

(TUE) Union Tank Car announced that it would close its plant in East Chicago, IL. The facility has been in operation for more than 40 years and has produced over 75,000 tank cars. A company spokesman said that it would continue its rail car manufacturing operations at its Sheldon, TX and Alexandria, LA plants. (ffd: Railway Age)

(WED) Canadian National filed to discontinue approximately 1 mile of its former Illinois Central line in Dyersburg, TN. (ffd: STB)

(WED) Georgia Midland Railroad announced the sale of its line between Ardmore, GA and Sylvania, GA to the Ogeechee Railway. The line totals approximately 20 miles in length and includes an interchange with Norfolk Southern at Ardmore. (ffd: Progressive Railroading, wire services)

(THU) CSX granted R.J. Corman Railroad's Central Kentucky Line overhead trackage rights between Winchester, KY and Berea, KY, totaling approximately 35 miles. CSX said that the agreed-upon purpose of the trackage rights was to "permit [R.J. Corman] to haul carloads of sand from Lexington, KY to Berea, KY in single line service." (ffd: STB)

(FRI) Holland LP's Holland Railway Measurement Systems and Services Division announced that it would acquire Industrial Metrics of North Vancouver, BC. Industrial Metrics is the provider of products including its Rangecam Track and Wheel Maintenance and Engineering software. (ffd: Railway Age)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(TUE) The U.S. Surface Transportation Board appointed Matthew Wallen the director of its newly created Office of Public Assistance, Governmental Affairs, and Compliance. This new office is the result of the combination of the STB's former Office of Compliance and Consumer Assistance and its former Office of Governmental and Public Affairs. The STB also appointed Mel Clemens to the new position of Senior Advisor to the Board. (ffd: STB)

(TUE) TTX, the former Trailer Train, appointed Thomas Wells its new president and director. Mr. Wells, who was most recently TTX's EVP, will succeed Andrew Reardon, who has announced his retirement effective June 1. (ffd: Progressive Railroading)

(TUE) The Port of New York & New Jersey announced the resignation of its executive director and head, Anthony Shorris, effective April 24. No immediate successor was named. Mr. Shorris has been PANYNJ's executive director since January, 2007. Mr. Shorris had earlier headed the PANYNJ, between 1991 and 1995. (ffd: Progressive Railroading, Railway Age)

(WED) Norfolk Southern appointed John Friedmann its VP-Strategic Planning. Mr. Friedmann, who will report to NS EVP-Planning & CIO Deborah Butler, succeeds Dan Mazur, who will retire May 1 after 38 years' railroad service. (NOTE: We congratulate Mr. Friedmann, a longtime Weekly Rail Review reader.)

(THU) Noted railroad preservationist George Hart passed away in Leighton, PA at Age 89. Mr. Hart was the first director of the Railroad Museum of Pennsylvania and the operator of Rail Tours Inc. Mr. Hart was also responsible for the preservation of railroad locomotives and rolling stock, and also several large collections of rail artifacts, notably the Pennsylvania Railroad's corporate library and historic collection of locomotives and cars. (ffd: Trains)

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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 weeklyrailreview@aol.com to <<mailto:weeklyrailreview@aol.com>>receive it, with my compliments.

BE SAFE AND PROSPER,

Dave Mears

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