

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING SAT, MAY 6, 2006

BY DAVE MEARS

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

(MON) The California Transportation Commission approved \$315 million in State Transportation Improvement Program funds for construction of Los Angeles Metropolitan Transportation Authority's new Exposition light rail line. The sum adds to \$208 million in funding earlier approved for the line. An MTA spokesman said that construction of the line, which will run between Los Angeles and suburban Culver City, is expected to begin this summer, with a total cost of approximately \$640 million. (ffd: Progressive Railroading)

(TUE) The Railway Association of Canada applauded those parts of the Canadian government's proposed new budget it said would "increase the capacity of Canada's west coast ports, commuter rail and short line railways." The budget includes \$95 million for new measures to enhance the security of passenger rail and urban transit, \$2 billion over the next 4 years for Canada's Strategic Infrastructure Fund, \$591 million over the next 8 years for the Pacific Gateway, and \$370 million over the next 2 years in tax credit savings for urban transit users. The budget also includes a faster phase-out of Canada's federal capital tax and a reduction in Canada's federal corporate income tax rate. (ffd: Progressive Railroading, RAC)

(TUE) New Orleans, LA Mayor Ray Nagin unveiled a new evacuation plan for the city. Under the plan and in the event of a hurricane stronger than a Category 2 or with sustained winds of 111 mph or higher, residents would be ordered to evacuate and public transportation would assist residents in doing so. "Amtrak trains will also be used for evacuation purposes, which we're really excited about," Mr. Nagin said, adding that Homeland Security Secretary Michael Chertoff had endorsed the use of passenger trains for evacuation. (ffd: wire services)

(WED) The Department of Homeland Security reminded U.S. mass transit systems that they should remain on alert against possible attacks. A DHS spokesman said that the new alert relates to "suspicious activity at European subway stations last fall." A spokesman for Boston's Massachusetts Bay Transportation Authority said that the agency is already on alert, noting that they "have received [DHS's] memo" and that they are "continuing to operate under the procedures we have in place for the elevated threat level." (ffd: Trains, wire services)

(WED) A Norfolk Southern freight train derailed 29 cars of gypsum power near Greensburg, PA. There were no injuries in the derailment, the cause of which, an NS spokesman said, was still under investigation. (ffd: wire services)

(WED) The U.S. Customs and Border Protection Agency debuted new Spanish-language television ads warning migrants of the dangers of being smuggled in boxcars and truck trailers. The ads depict callous smugglers throwing a few jugs of water in the back of a boxcar before slamming the doors shut and immigrants then pounding on the boxcar's sides to get out. An agency spokesman said that the ads will be shown on Mexican television and noted that 37 migrants have died attempting to cross the border in similarly hostile confined conditions during the past 6 months. (ffd: wire services)

(THU) The U.S. Senate approved, 78-to-20, a hurricane relief emergency spending bill targeted for Gulf Coast states impacted by 2005 Hurricanes Katrina and Rita. The bill includes \$700 million to acquire the recently repaired CSX rail line along Alabama's and Mississippi's Gulf Coast, which has long been targeted for coastal redevelopment. A spokesman for the Mississippi Transportation Commission said that, "My understanding is that they [CSX] will work on other tracks," alluding to CSX possibly rerouting their trains onto existing Norfolk Southern tracks to reach the New Orleans gateway from the east. The bill now goes to a House-Senate conference committee, where it will be reconciled with a different version passed by the House. In a related story and although the CSX line it runs over has been repaired, operation of Amtrak's "Sunset Limited" passenger train remains suspended between Orlando, FL and New Orleans. (ffd: Mississippi Press, wire services)

(THU) The Canadian government overturned the planned lease and later sale of 12,100 rail grain cars to exporters. The previous Canadian government had arranged lease of the cars for 5 years to the Farmer Rail Car Coalition, which includes grain farmers, municipalities and others, with the FRCC thereafter taking ownership of the cars. A spokesman for Canadian Transport Minister Lawrence Cannon said that the cars will remain owned by the government and operated by the Canadian National and Canadian Pacific Railways. (ffd: Journal of Commerce Online)

(THU) Union Pacific announced plans to hire 5,000 new workers this year. A UP spokesman said that "our hiring is really across our whole system...it's not only train and engine crews...it's really across the board, in all of our ranks." The spokesman added that UP, which currently employs 50,000, expects half its workforce to turnover by 2013. (ffd: Salt Lake Tribune)

(FRI) Washington [DC's] Metropolitan Area Transit Authority approved a revenue-raising measure allowing retailers to set up small shops in 12 Metro subway stations. A WMATA spokesman said that businesses could include vendors that sell magazines, newspapers, sports memorabilia and t-shirts, or provide dry cleaning or shoe repair services. Vendors would not be permitted to sell food, beverages or tobacco. (ffd: Progressive Railroading)

STATS – TRAFFIC:

(NOTE: The Canadian carload and intermodal rail traffic mentioned below includes both the Canadian and U.S. operations of Canadian National and Canadian Pacific Railway.)

(THU) For the week ending April 29, 2006, U.S. rail volume grand totaled 33.4 billion ton-miles, down 1.5 percent from the comparable week last year. U.S. carload rail traffic was down 2.2 percent, down 2.9 percent in the East and down 1.6 percent in the West. Also for the week, U.S. intermodal rail traffic was up 9.8 percent, Canadian carload rail traffic was down 1.6 percent, and Canadian intermodal rail traffic was up 6.8 percent.

For the month of April, 2006 and comparing with April, 2005, U.S. carload rail traffic was down 1.0 percent, U.S. intermodal rail traffic was up 6.8 percent, Canadian carload rail traffic was down 2.0 percent, Canadian intermodal rail traffic was up 6.9 percent, Mexico's Kansas City Southern de Mexico's carload rail traffic was down 12.3 percent, and KCSM's intermodal rail traffic was down 23.8 percent.

For the period January 1 through April 30, 2006, U.S. rail volume grand totaled 564.2 billion ton-miles, up 1.4 percent from the comparable period last year. U.S. carload rail traffic was up 0.3 percent. Notable traffic increases included crushed stone, sand and gravel up 6.1 percent and coal up 1.7 percent; notable traffic decreases included nonmetallic minerals down 25.9 percent and chemicals down 2.7 percent. Also for this period, U.S. intermodal rail traffic was up 5.8 percent, Canadian carload rail traffic was down 2.1 percent, Canadian intermodal rail traffic was up 5.0 percent, KCSM's carload rail traffic was down 5.9 percent, and KCSM's intermodal rail traffic was down 7.0 percent. (ffd: AAR)

MORE STATS – OPERATING PERFORMANCE:

(NOTE: Effective October 1, 2005, railroads that had been furnished operating performance statistics to the Association of American Railroads began applying a new standardized definitional framework, aimed at eliminating differences in calculation methodology. Concurrent with but unrelated to these changes, Canadian National elected to no longer furnish these statistics.)

(WED) For the week ending April 28, 2006 and versus the previous week, average total cars on line was as follows: BNSF, 224,900 cars versus 224,082 cars; Canadian Pacific, 82,843 cars versus 81,995 cars; CSX, 223,347 cars versus 223,190 cars; Kansas City Southern, 26,628 cars versus 26,096 cars; Norfolk Southern, 206,269 cars versus 205,004 cars; and Union Pacific, 326,453 cars versus 327,915 cars. (Comparative totals from last year are not yet available.)

Also for the week ending April 28, 2006 and versus the comparable week last year, average train speed was as follows: BNSF, 22.5 mph versus 23.5 mph; Canadian Pacific Railway, 25.4 mph versus 22.2 mph; CSX, 19.7 mph versus 18.6 mph; Kansas City Southern, 25.2 mph versus 24.2 mph; Norfolk Southern, 21.6 mph versus 22.2 mph; and Union Pacific, 21.5 mph versus 21.5 mph.

Finally for the week ending April 28, 2006 and versus the comparable week last year, average terminal dwell time was as follows: BNSF, 23.5 hrs versus 23.0 hrs; Canadian Pacific Railway, 20.2 hrs versus 29.2 hrs; CSX, 24.8 hrs versus 30.6 hrs; Kansas City Southern, 20.7 hrs versus 23.3 hrs; Norfolk Southern, 21.6 versus 23.4 hrs; and Union Pacific, 28.2 hrs versus 27.2 hrs. (ffd: AAR)

STILL MORE STATS – 1ST QTR., 2006 FINANCIAL RESULTS:

(TUE) Shortline and regional conglomerate Genesee & Wyoming reported net income of \$14 million, compared with \$10.9 million the previous first quarter. Revenues were \$113 million, compared with \$84.1 million the previous first quarter. G&W's first quarter operating ratio for its North American operations was 80.5 percent, improved from 83.0 percent the previous first quarter. (ffd: G&W Corp.)

(TUE) Kansas City Southern reported net income of \$8 million, up from \$7 million the previous first quarter. Revenues

were \$388.4 million, up from \$368.3 million the previous first quarter. KCSR's first quarter operating ratio was 84.2 percent, improved from 86.2 percent the previous first quarter. (ffd: KCSR Corp.)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(TUE) Chartwell International announced that they had agreed to purchase the Middletown & New Jersey Railway. The M&NJ has approximately 15 miles of line serving a plastic packaging company and local utility in Orange County, NY. (ffd: Progressive Railroading)

(TUE) Kansas City Southern granted temporary overhead trackage rights to Union Pacific between Kansas City, MO and Godfrey, IL, totaling approximately 284 miles. The purpose of these temporary rights is to allow UP to bridge its train service while its neighboring line is out of service for planned track maintenance. (ffd: STB)

(THU) Kansas City Southern granted BNSF temporary overhead trackage rights between Jefferson, TX and Metro, TX, totaling approximately 201 miles. The purpose of these temporary rights is to allow BNSF to bridge its train service while its neighboring line is out of service for planned track maintenance. (ffd: STB)

(THU) The Bull Mountain Coal Company announced that it would build a new rail line near Glenview, MT to connect to BNSF. A company spokesman said that it has obtained the necessary rights of way and financing for the line, which is to be built and operated by a Genesee & Wyoming subsidiary. The spokesman added that the line was expected to be ready in approximately 15 months' time. (ffd: Progressive Railroading)

(THU) Federated Railways announced that it had agreed to purchase the Tuscola & Saginaw Bay Railway. The TSB totals approximately 405 miles of line, running between Ann Arbor, MI and Northwest Michigan. TSB also provides rail equipment and track repair and maintenance services. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND ALIKE:

(MON) The Association of American Railroads presented its first lifetime achievement award to U.S. Rep. Sherwood Boehlert (R-NY.) An AAR spokesman said that the award was presented to Mr. Boehlert "to honor his environmental work and acknowledge his contribution to the railroad industry." Mr. Boehlert has recently announced plans to retire from Congress at year's end. (ffd: AAR)

(MON) Genesee & Wyoming announced the retirement of its Vice Chairman, Charlie Marshall. A company spokesman said that Mr. Marshall would continue to assist G&W as a consultant. Mr. Marshall's 35-year industry career includes service, to the senior executive level, at the former Conrail, Chessie System, and Southern Railway. (ffd: G&W Corp.)

(WED) The Red River Valley & Western Railroad appointed Andrew Thompson President and COO. Mr. Thompson was most recently RRVW's SVP and General Manager. (ffd: Progressive Railroading)

(WED) Twin Cities & Western Railroad appointed Mark Wegner EVP and COO. Mr. Wegner was most recently TC&W's SVP and General Manager. (ffd: Progressive Railroading)

(WED) The Bush Administration nominated Mark Rosenker to be chairman of the National Transportation Safety Board. Mr. Rosenker, who is presently the NTSB's acting chairman, has been with the NTSB since 2003. (ffd: BNSF Corp.)

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Weekly Rail Review 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.

HAVE A SAFE AND PROSPEROUS WEEK,

Dave Mears

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