

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING JUNE 5, 2009

BY DAVE MEARS

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

(MON) The railroad antitrust bill approved out of the Senate Judiciary Committee was withdrawn from further congressional consideration. The bill, S.146, sponsored by Judiciary Committee Chair Sen. Herb Kohl (D-WI) included provisions that would have transferred jurisdiction of railroad mergers from the Surface Transportation Board to the Department of Justice. In a prepared statement, Sen. Kohl and Commerce Committee Chair Sen. Jay Rockefeller (D-WV) said that they would work together on a new bill to overhaul the STB and also deal with antitrust issues. (ffd: Congressional Quarterly)

(MON) General Motors filed for Chapter 11 bankruptcy. In a related story, CSX said that it expects to get back some of the \$8.9 million it is owed by GM and that it has carrier liens on all GM shipments currently in transit. For many years, including through the 1970s, GM was the largest single customer of several railroads. (ffd: Jacksonville Business Journal)

(MON) Norfolk Southern noted the 10th anniversary of its co-takeover of the former Conrail with CSX. On June 1, 1999, NS acquired about 60 percent of CR, which enlarged NS by about 7,200 miles and about 10,000 employees. The co-takeover was marked by significant administrative and operational problems that both railroads were a year or more working their way out of. (ffd: wire services)

(TUE) Ramsey County, MN approved its purchase of St. Paul's Union Depot for \$8.2 million. The depot was built from 1918 to 1923, and is planned for future Amtrak, light rail, and intercity and transit bus use. 39 condominium residences remodeled into the building by its previous owner will remain in private hands. (ffd: Railway Age)

(WED) Amtrak announced a new agreement to operate passenger rail service funded by the State of Virginia. The funding will allow for the start of a new Washington, DC-Lynchburg, VA train in October and a new Washington-Richmond train in December. In making the announcement, Amtrak President and CEO Joe Boardman noted that Amtrak is now the operator of state-funded passenger services for 15 states. (ffd: Amtrak)

(WED) Vice President Joe Biden and U.S. Secretary of Transportation Ray Hood met with governors from eight states to discuss the future of passenger rail service, including high speed trains. "Everyone knows I'm a big believer in our nation's rail system – I've devoted a big part of my career doing what I can to support it – and I'm proud that this Administration is about to transform that system fundamentally," said Mr. Biden. The Federal Railroad Administration will issue guidelines for funding applications by June 17, with related grants starting later in the summer, Mr. Biden added. (ffd: Chicago Tribune, NARP)

(WED) Intermodal shipper Hub Group said that it would divert a significant amount of its traffic from BNSF to Union Pacific. Hub President and COO Mark Yeager said that the shift would start immediately and continue over the next several months. Discussion the shift, Mr. Yeager noted that UP's supply of carrier-owned containers fit well with Hub's asset-light business model, while BNSF, by comparison, has pushed customers to provide their own equipment. (ffd: JofC)

(THU) New Jersey Governor Jon Corzine announced that a formal groundbreaking ceremony would be held Monday, June 8 for the new Hudson River rail tunnel project. The project will build two single-track tunnels under the river between New Jersey and New York; the existing rail tunnels opened in 1910 by the Pennsylvania Railroad and now operated by Amtrak will continue in service. The tunnel project has been praised for the additional passenger rail capacity it will provide, but also criticized for a change in plans that will not now connect it with Manhattan's Penn Station, but instead to a new and separate New Jersey Transit

station under 34th Street. (ffd: wire services)

(FRI) The National Industrial Transportation League newsletter reported on the recent release of a Government Accountability Office study about the Transportation Security Administration's efforts related to freight rail security. The study is titled, "Freight Rail Security: Actions Have Been Taken to Enhance Security, but the Federal Strategy Can Be Strengthened and Security Efforts Better Monitored." The study said that, since September 11, 2001, TSA has focused almost exclusively on one threat – toxic inhalation hazard (TIH) rail shipments – and may not have adequately addressed threats to critical infrastructure and cyber security. (ffd: NITL, wire services)

(FRI) The Federal Railroad Administration has posted the presentations it used in its recent series of regional high-speed rail workshops on its website. PDFs of the presentations are available at <<http://www.fra.dot.gov>>www.fra.dot.gov. (ffd: NARP)

(FRI) The oft-moved statue of Southern Railway President Samuel Spencer was moved again, this time to in front of the David Goode Building, which is Norfolk Southern's office building in Atlanta, GA. The statue was originally located in front of Atlanta's Union Terminal, then moved to Peachtree Station in 1970 following Southern changing its Atlanta passenger stop, and then moved again to Atlanta's Hardy Ivy Park in 1996 related to Atlanta's hosting of the Summer Olympic Games. The statue was created in 1910 by Daniel Chester French, most famous for having sculpted the statue of Abraham Lincoln at the Lincoln Memorial in Washington, DC. (ffd: Norfolk Southern, Trains)

STATS:

(THU) For the week ending May 30, 2009, U.S. rail volume grand totaled 24.8 billion ton-miles, down 25.1 percent from the comparable week last year. This reporting week this year and last year included the Memorial Day weekend. Also for the week, U.S. carload rail traffic was down 26.3 percent, U.S. intermodal rail traffic was down 19.2 percent, Canadian carload rail traffic was down 30.9 percent, and Canadian intermodal rail traffic was down 20.8 percent.

For the month of May, 2009 versus May, 2008, U.S. carload rail traffic was down 24.7 percent. All 19 major commodity groups were down, including coal down 15.8 percent, grain down 24.5 percent, and motor vehicles and equipment down 52.3 percent. Also for the month, U.S. intermodal rail traffic was down 19.7 percent, Canadian carload rail traffic was down 32.8 percent, Canadian intermodal rail traffic was down 18.1 percent, Mexican carload rail traffic was down 18.5 percent, and Mexican intermodal rail traffic was down 21.7 percent.

For the five-month period January 1 through May 31, 2009, and compared with the first five months last year, U.S. rail volume grand totaled 586.8 billion ton-miles, down 18.5 percent. Also for this period, U.S. carload rail traffic was down 19.6 percent, U.S. intermodal rail traffic was down 16.9 percent, Canadian carload rail traffic was down 23.8 percent, Canadian intermodal rail traffic was down 14.8 percent, Mexican carload rail traffic was down 14.2 percent, and Mexican intermodal rail traffic was down 20.5 percent. (ffd: AAR)

(Note; Canadian railroad traffic includes both the Canadian and the U.S. operations of Canadian National and Canadian Pacific Railway.)

MORE STATS – SAFETY:

(MON) The Federal Railroad Administration released preliminary safety statistics for the First Quarter, 2009. For the first three

months of this year compared with the first three months of last year, reportable train accidents declined 30.6 percent to 450 and highway-rail crossing fatalities declined 2 percent to 49. However, trespasser fatalities increased 3.3 percent to 94, and employee on-duty fatalities increased from six last year to seven this year. (ffd: FRA, Railway Age)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) The Surface Transportation Board granted Mid-Michigan Railroad's earlier request to discontinue service over approximately seven miles of line between Grand Rapids, MI and Marne, MI. In the filing, the MMRR noted that the Cooperstown & Marne Railway "retains the residual common carrier obligation to operate the line and provide service to shippers." (ffd: STB)

(TUE) Omers private Equity of Toronto, ON announced that it had acquired Nordco, a provider of track maintenance services, from Riverside Company. Terms and amount of sale were not disclosed. (ffd: Railway Age)

(FRI) Huron & Eastern Railway filed to abandon approximately three miles of line between Owosso, MI and the end of the line in Shiawassee County, MI. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Amtrak announced that its most recent VP-Security, William Rooney, has left the company. It said that Mr. Rooney's duties would be handled on a temporary basis by the railroad's chief of police, John O'Connor. (ffd: New York Times, wire services)

(FRI) Allan Roach was elected president of the North American Rail Shippers Association. Mr. Roach is the SVP-Marketing for Watco Companies, an operator of short line railroads and provider of rail-related services. In a related story, NARS announced that next year's annual meeting would be held May 26-28, 2010, at the Mayflower Hotel in Washington, DC. (ffd: Progressive Railroading)

CORRECTION:

In last week's edition, I reported that new federal railroad hours of service regulations would become effective July 6. Correctly, the new regulations become effective July 16, with a requirement that any petitions for reconsideration be received before July 6.

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BE SAFE AND PROSPER,

Dave Mears

Cherry Hill, NJ