

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, JULY 20, 2012

BY DAVE MEARS

(NOTE: In case it is helpful to anyone who may not have received the last edition sent due to it possibly having been caught in or deleted by a spam filter, please know that it was sent July 26 for the week ending July 13.)

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

(MON) A new report released by the American Public Transportation Association suggested there would be net benefits to further development of high-speed passenger rail service in the U.S. The report, "Opportunity Cost of Inaction: High-Speed Rail and High Performance Passenger Rail Service," states that building a high-speed rail program in the U.S. would result in \$26.4 billion in net benefits over the next 40 years. (Ref: APTA)

(MON) The Railroad Retirement Board released its annual report on the financial state of the Railroad Retirement System. The report said that, under optimistic and moderate employment assumptions, the System should have no cash flow problems throughout the 75-year outlook of those assumptions. Cash flow problems only occurred under the pessimistic employment option, but that was not until 2035. (Ref: RRB)

(MON) New Jersey Transit introduced new train, bus and light rail tickets that are especially designed to thwart counterfeiters, which it said were costing it approximately \$3 million annually in lost revenue. The new ticket stocks are embedded with holograms that will change every month and are invisible to the naked eye, but that can be seen by train crews using new ultraviolet ticket scanning devices. (Ref: Times Herald-Record)

(TUE) The Federal Railroad Administration and the Occupational Safety and Health Administration signed a cooperative agreement to improve coordination between the two agencies related to enforcing whistleblower provisions of the Federal Railroad Safety Act. Under the agreement, FRA will refer railroad employees who allege discrimination to OSHA and OSHA will share copies of the allegations it receives with FRA. Later in the week, OSHA levied a total of \$650,759 against two railroads, alleging that they retaliated against employees after they reported workplace injuries and safety concerns. (Ref: Chicago Tribune, Railway Track & Structures)

(TUE) A report by the U.S. Postal Service's Office of Inspector General stated that it could save approximately \$100 million annually by shifting more mail shipments from highway to rail. The report noted that "...USPS spent only \$40 million on freight rail contracts last year, compared to more than \$3.3 billion in truck contracts...Intermodal rail service has improved to the point [such] that it can now provide service standards competitive with highway...Today, it is widely accepted as industry standard that rail is far more economical than highway for long-distance surface transportation...". (Ref: Journal of Commerce)

(WED) California Governor Jerry Brown signed into law legislation providing for \$8 billion in funding for initial development of a planned high-speed passenger rail system for the state. \$6 billion is to start track work in the state's Central Valley region and \$2 billion will go toward improving the existing rail lines to be used for high-speed service in the Bay Area and Southern California, including electrification of the existing Caltrain line between San Francisco and San Jose. (Ref: San Jose Mercury News)

(WED) The Washington Metropolitan Area Transit Authority said that it had fixed a computer glitch that caused all Metrorail subway service to halt briefly on two occasions during the previous weekend. The cause was determined to be a "...failed module in an

information management network device"; the module was replaced. (Ref: Progressive Railroading)

(THU) The New York Metropolitan Transportation Authority said that it would add and extend service on almost 40 bus, subway and commuter rail lines. Included in the additions and extensions is the restoration of service on many lines that saw cutbacks during the MTA's 2010 budget crisis. MTA also said that it would delay an across-the-board fare increase by two months, raising fares now in March, 2013 instead of in January. (Ref: MTA, New York Daily News)

(FRI) The American Short Line and Regional Railroad Association said that it had received the endorsement of its 51st U.S. senator in support of the extension and expansion of the Short Line Tax Credit. ASLRRA said that the tax credit, which expired at the end of last year, now has the stated support of a majority of members in both chambers of Congress. (Ref: ASLRRA)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) The Association of American Railroads reported that, for the week ending July 14, 2012 and ranked with the comparable week last year:

-U.S. carload rail traffic totaled 286,156 units, up 1.7 percent

-Notable U.S. carload traffic increases included motor vehicles and equipment up 46.6 percent, petroleum products up 39.2 percent, and lumber and wood products up 13.3 percent; notable decreases included iron and steel scrap down 25.0 percent, metallic ores down 14.0 percent, and non-grain farm products down 13.5 percent

-U.S. intermodal rail traffic totaled 245,915 units, up 6.8 percent

-Canadian carload rail traffic totaled 77,039 units, up 3.2 percent

-Canadian intermodal rail traffic totaled 54,350 units, up 5.8 percent

-Mexican carload rail traffic totaled 15,281 units, up 9.7 percent

-Mexican intermodal rail traffic totaled 10,768 units, up 15.5 percent

For the period January 1 through July 14, 2012 and ranked with the comparable period last year:

-U.S. carload rail traffic totaled 7,854,130 units, down 2.6 percent

-U.S. intermodal rail traffic totaled 6,499,007 units, down 3.5 percent

-Canadian carload rail traffic totaled 2,145,397 units, up 3.4 percent

-Canadian intermodal rail traffic totaled 1,411,619 units, up 7.1 percent

-Mexican carload rail traffic totaled 393,695 units, down 1.4 percent

-Mexican intermodal rail traffic totaled 260,209 units, up 18.3 percent

Note: Canadian traffic totals include that traffic on U.S. operations of the Canadian National and Canadian Pacific Railways.

STATS CONTINUED – 2ND QTR., 2012 RESULTS:

(TUES) For the second quarter this year and compared with the second quarter last year, CSX reported:

- Net income of \$512 million, up 1.2 percent
- Operating income of \$943 million, up 1.8 percent
- Revenues of \$3.012 billion, down .7 percent (seven-tenths of one percent)
- Operating ratio of 68.7 percent, an improvement of .6 percentage points (sixth-tenths of one percent)

(TUE) For the second quarter this year and compared with the second quarter last year, Kansas City Southern reported:

- Net income of \$120.4 million, up 70.3 percent
- Operating income of \$203.8 million, up 34.4 percent
- Revenues of \$545.3 million, up 1.9 percent
- Operating ratio of 62.6 percent, an improvement of 9.1 percentage points

(THU) For the second quarter this year and compared with the second quarter last year, Union Pacific reported what it said were its "best ever quarterly results," as follows:

- Net income of \$1.002 billion, up 27.6 percent
- Operating income of \$1.724 billion, up 23.9 percent
- Revenues of \$4.913 billion, up 6.9 percent
- Operating ratio of 67.0 percent, an improvement of 4.3 percentage points

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Norfolk Southern noted that its new Memphis Regional Intermodal Terminal in Rossville, TN became operational on July 1. The new terminal, which has the capacity to handle 327,000 containers and trailers annually, is one of four set along NS's Crescent Corridor route, the three others under construction in Birmingham, AL, Charlotte, NC and Greencastle, PA. (Ref: NS RR, Progressive Railroading)

(MON) Rail supplier Wabtec Corporation announced that it had completed its acquisition of Tec Tran Corp. Tec Tran is a U.S.-based producer of hydraulic brake systems for transit cars with annual sales of about \$10 million. (Ref: Wabtec Corp.)

(THU) Nippon Sharyo opened its new rail car manufacturing plant in Rochelle, IL, its first in the U.S. Among the plant's first orders will be 160 new Highliner-type commuter rail car for Chicago commuter rail operator Metra's Electric Line. The shells and frame for the first 80 cars will be built in Japan and assembled in Rochelle, but the second 80 will be both built and assembled at the Rochelle plant. (Ref: Progressive Railroading, USDOT)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

None of note this week.

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Have a Railroad Safe Day,

Dave Mears