

## WEEKLY RAIL REVIEW

FOR THE WEEK ENDING SAT, JULY 29, 2006

BY DAVE MEARS

(NOTE: "ffd" indicates a reference "for further details.")

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

(MON) Two passenger rail advocacy organizations filed complaints against poor performance of Amtrak trains operating over freight railroads. On Monday, the National Association of Railroad Passengers said that it had sent a letter to the Surface Transportation Board complaining about the lateness of Amtrak trains operating over the CSX and Union Pacific. In the letter, NARP Executive Director Ross Capon called for the STB "to take every action you can...to bring about improved performance." A NARP spokesman noted that it had been told by Amtrak Acting President David Hughes that on-time performance of Amtrak trains on freight railroads had dropped 50 percent since 1999. On Tuesday, the Train Riders Association of California asked the governors of California, Oregon and Washington to "pressure" the UP and the STB to improve the performance of Amtrak's "Coast Starlight" train, which has customarily operated with delays of from 5 to 12 hours. Also on Tuesday and alluding to delays on its Fredericksburg Line, which operates over CSX, Virginia Railway Express CEO Dale Zehner noted that it had become possibly the only commuter rail service in the U.S. to lose riders over the last year. "I'm amazed [the loss] is not worse," said Mr. Zehner. "For all the delays we've had, I would have thought we would have lost more [riders]." (ffd: NARP, wire services)

(MON) The State of Connecticut and Metro North Railroad announced that they would jointly purchase 210 new commuter rail cars for New Haven Line service. The new cars, to be known as Class M-8, will replace Class M-2 cars, which are about 30 years old. A MNRR spokesman said that the state would pay for 65 percent of the acquisition costs and that the first of the new cars would be received by 2009. (ffd: New York Times, Progressive Railroading)

(MON) CSX announced that it would launch a new intermodal logistics tool, SpeedMatch, starting on August 28. A CSX spokesman said that the new tool will allow intermodal marketing companies to post future loading opportunities against empty equipment supply posted by local trucking companies in a given region. The spokesman added that the web-based tool "should reduce empty trips into and out of terminals, speed empty equipment assignments, and expose CSX [intermodal services] to new business partners." (ffd: Progressive Railroading)

(TUE) Canadian Pacific Railway CEO Fred Green downplayed rumors of impending attempts by other railroads to acquire CPR. Noting the inherent complications of a takeover attempt, Mr. Green commented, "I would just advise that people need to be aware that there are a set of regulatory requirements, introduced through the U.S. Surface Transportation Board, that will not make a consolidation a simple or easy undertaking...It doesn't mean it can't be done or won't be done, but there are hurdles." Mr. Green made his comments on the occasion of the release of CPR's 2nd Qtr., 2006 financial results. (ffd: Toronto Globe & Mail)

(TUE) The House Subcommittee on Railroads heard testimony on issues related to fatigue among railroad operating personnel. Among those testifying was Federal Railroad Administration Chief Administrator Joe Boardman, who noted that the railroad hours-of-service laws were created in 1907 and therein miss “making use of almost a century of scientific learning on the issue of sleep-wake cycles and fatigue-induced performance failures.” Mr. Boardman added that the hours-of-service regulations, last amended in 1969, generally limit rail workers to 12 hours of work, followed by 8 hours off duty, then 12 hours of work, a process that can continue perpetually. (ffd: Washington Times)

(WED) The “Freight Rail Infrastructure Capacity Expansion Act” was introduced in the U.S. Senate. The bill, which is endorsed by the railroad industry, would if enacted provide a 25 percent tax credit for any business investing in rail infrastructure projects that include new track, intermodal facilities, rail yards, and locomotives. The bill, whose prospects for passage are uncertain this year due to the Congress soon adjourning for election campaigning, was introduced by Senators Trent Lott (R-MS) and Kent Conrad (D-ND), and was co-sponsored by other senators from both parties. (ffd: AAR, wire services)

(WED) The Federal Railroad Administration announced that it would hold a series of public meetings across the country to “start a national discussion on the challenging issue of improving safety at the nation’s largely unregulated private highway-rail grade crossings.” An FRA spokesman said that there were over 94,000 private crossings in the U.S. and that each year are involved in “about 400 accidents and between 30 and 40 fatalities.” The spokesman added that the first hearing would be held in Fort Snelling, MN at a date to be announced shortly. (ffd: FRA, Progressive Railroading)

(WED) The Providence & Worcester Railroad announced that it would next month operate its first freight train over Rhode Island’s new Freight Rail Improvement Project line. The line, which was financed by \$148 million in federal and state funds, will operate over 17 miles of freight-only track, 10 miles of which are new and 7 miles of which are rehabilitated, and over 5 miles of Amtrak’s Northeast Corridor also rehabilitated. A P&W spokesman said that the line will allow the railroad to better reach and serve the port facilities at Quonset Point-Davisville, RI. (ffd: P&W Corp., Progressive Railroading)

(THU) The Port Authority of New York and New Jersey announced that it would contribute up to \$2 billion toward the construction of two new rail tunnels under the Hudson River to Manhattan. A PANYNJ spokesman said that \$1 billion will be provided right away and another \$1 billion would be provided by the end of the year. Construction of the new tunnels, which are expected to cost \$7.2 billion and must still be fully funded, will supplement the existing two tunnels built in 1910 that are used by Amtrak and New Jersey Transit. Officials overseeing the project have said that they hope to start construction in 2009 and have them in service by 2016. (ffd: New York Times, RT&S, wire services)

(THU) Chicago commuter rail operator Metra said that it would propose extending and expanding its Union Pacific-Northwest Line. A Metra spokesman said that the proposed expansion would extend the line from its present northern terminus in McHenry, IL to Johnsbury, IL, and also expand service on the line from 63 weekday trains to 74. The spokesman added that the project was expected to take at least 4 years to complete at a cost of about \$100 million. (ffd: St. Paul Pioneer Press)

(THU) A Union Pacific freight train derailed 38 cars on its main line between California and Oregon. There were no injuries in the derailment, which occurred on the line about 40 miles north of Klamath Falls, OR. A UP spokesman said

that its freight trains using the line would be held or diverted onto other routes and an Amtrak spokesman said that operation of its "Coast Starlight" train over the line would be truncated, with passengers being bused around the derailment while it is being cleared. (ffd: Mercury News, wire services)

(THU) The New Orleans Regional Transit Authority approved a plan to shrink its transit bus services attendant with the drop in New Orleans's population since last year's Hurricane Katrina. The city's population now totals only approximately one-quarter to one-third of what it was prior to the hurricane, with many evacuated residents temporarily or permanently living elsewhere in the U.S. An authority spokesman said that the city's light rail line services would continue to be rebuilt. The authority also decided that a \$1.25 base fare for buses and streetcars will be reinstated on August 6, a federal subsidy having provided free rides since October. (ffd: New Orleans Times-Picayune, wire services)

(FRI) New Mexico Governor Bill Richardson announced that locomotives of the state's new Rail Runner commuter rail service will soon run on biodiesel fuel. The service started running between Albuquerque, NM and Bernalillo, NM earlier this month, and will be extended to Belen, NM later this year. A spokesman for the governor said that the biodiesel fuel will be made from the vegetable waste of farm products and that it is presently about 30 cents a gallon cheaper than regular diesel fuel. (ffd: wire services)

(FRI) Atlanta subway operator Marta said that it was constructing new and self-cleaning restrooms at its Five Points subway station. A Marta spokesman said that the restrooms, totaling 12 one-person "stalls," will be "high-tech" and include the following features: automatic soap dispensing, water and hand drying; automatic toilet flushing after each use; automatic toilet seat washing and drying after each use; safe and secure electronic door locks; automated floor washing; and voice message instructions to guide the user through the toilet's operation. The toilets, which will locate on the station's concourse level, will have a maximum use time of approximately 15 minutes to prevent loitering or sleeping within. (ffd: Railway Age)

#### STATS – TRAFFIC:

(NOTE: Due possibly to vacations, etc., Class 1 carloadings for the week ending July 22 have not yet been posted by the AAR.)

#### MORE STATS – OPERATING PERFORMANCE:

(NOTE NO. 1: The operating performance statistics reported in last week's edition and noted as being "for the week ending July 21," were actually the statistics for the week ending July 14.)

(NOTE NO. 2: 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 July 21, 2006 and versus the previous week, average total cars on line was as follows: BNSF, 224,265 cars versus 222,667 cars; Canadian Pacific, 80,071 cars versus 80,936 cars; CSX, 227,182 cars versus 224,534 cars; Kansas City Southern, 26,723 cars versus 26,340 cars; Norfolk Southern, 202,343 cars versus 203,112 cars; and Union Pacific 318,033 cars versus 319,624 cars.

Also for the week ending July 21, 2006 and versus the comparable week last year, average train speed was as follows: BNSF, 22.3 mph versus 22.8 mph; Canadian Pacific Railway, 24.9 mph versus 21.2 mph; CSX, 19.8 mph versus 20.1 mph; Kansas City Southern, 23.5 mph versus 22.1 mph; Norfolk Southern, 22.0 mph versus 22.3 mph; and Union Pacific, 22.0 mph versus 21.6 mph.

Finally for the week ending July 21, 2006 and versus the comparable week last year, average terminal dwell time was as follows: BNSF, 23.8 hrs versus 23.5 hrs; Canadian Pacific Railway, 18.7 hrs versus 22.1 hrs; CSX, 25.2 hrs versus 27.9 hrs; Kansas City Southern, 21.3 hrs versus 23.9 hrs; Norfolk Southern, 21.5 hrs versus 22.2 hrs; and Union Pacific, 26.5 hrs versus 28.9 hrs. (ffd: AAR)

#### STILL MORE STATS – 2nd QTR., 2006 RESULTS:

(TUE) BNSF reported net income of \$470 million, up from the \$366 million the previous second quarter. Revenues were \$3.701 billion, up from \$3.138 billion the previous second quarter. BNSF's operating ratio was 76.0 percent, improved from 76.7 percent the previous second quarter. (ffd: BNSF Corp.)

(THU) Canadian Pacific Railway reported net income, in Canadian dollars, of C\$377.5 million, up from C\$123.2 million the previous second quarter. Revenues were C\$1.131 billion, up from C\$1.105 billion the previous second quarter. CPR's operating ratio was 75.1 percent, improved from 75.5 percent the previous second quarter. (NOTE: In comparing CPR's operating ratio with U.S.-based railroads, please note that CPR, by and large, does not pay health benefits for its Canadian employees, due to Canada's national health care program. CPR does pay health benefits for its U.S. employees.) (ffd: CPR Corp.)

(THU) Norfolk Southern reported net income of \$375 million, down from \$424 million the previous second quarter. In reporting results, a NS spokesman noted the effects, in the second quarter last year, of revisional Ohio tax legislation and the settlement of two coal rate cases, both of which combined to exceptionally increase that quarter's results by \$120 million. Revenues were \$2.392 billion, up from \$2.154 billion the previous second quarter. NS's operating ratio was 71.7 percent, improved from 72.5 percent the previous second quarter. (ffd: NS Corp.)

(THU) Shortline and regional railroad holding company RailAmerica reported net income of \$7.83 million, down from \$9.27 million the previous second quarter. In reporting results, a RailAmerica spokesman noted the effect of "reorganizational costs, weak lumber traffic and other factors." Revenues were \$116.8 million, up from \$103.4 million the previous second quarter. RailAmerica's operating ratio was 92.2 percent, worsening from 86.0 percent the previous second quarter. (ffd: Progressive Railroading, RailAmerica Corp.)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) CSX filed to abandon approximately 3 miles of its Saxonville Industrial Track in Middlesex County, MA. (ffd: CSX Corp.)

(MON) Officials of Clarion County, PA and the Pennsylvania Department of Transportation announced that the Knox & Kane Railroad, whose operations are presently suspended, would likely not operate again in the near future. A spokesman for PADOT said that the two involved counties, Clarion and Jefferson, had considered acquiring the line, but that they were unable to come up with funding that would be matched by the state. The spokesman added that the line presently has only one industry on it, Clarion Boards, and that they are presently making shipments by truck. (ffd: Clarion News)

(TUE) The former Coe Rail announced that they had renamed themselves the Michigan Air-Line Railway. The railway operates 9 miles of a former Grand Trunk Western line between Wixom, MI and West Bloomfield, MI. (ffd: Progressive Railroading)

(THU) The Surface Transportation Board approved renaming New York Regional Rail, which operates in the vicinity of New York Harbor, as New York New Jersey Rail. The approval also endorses related reorganizational transactions. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) GE Equipment Service appointed Timothy Schitter VP-Sales. Mr. Schitter will be responsible for the unit's petrochemical rail car leasing and related services. (ffd: Progressive Railroading)

(TUE) CIT Rail Resources appointed George Cashman its president. Mr. Cashman succeeds Steve McClure, who will join the CIT Group executive staff and then retire in early 2007. (ffd: Progressive Railroading)

(FRI) Norfolk Southern appointed Gerhard Thelen VP-Operations Planning & Support. Mr. Thelen, who was most recently NS's VP-Mechanical, joined NS predecessor Conrail in 1977. NS also appointed Tim Heilig VP-Mechanical, succeeding Mr. Thelen. Mr. Heilig, who was most recently NS's AVP-Transportation Network, joined NS predecessor Southern in 1971. (ffd: NS 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

Cherry Hill, New Jersey, USA