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http://www.aslrra.org/whats_in_the_news/views_and_news/

American Short Line and Regional Railroad Association

VIEWS & NEWS

VOLUME 72

NUMBER 13

JULY 18, 2005

**Make Plans to
Attend the 2005
ASLRRA Regional
Meetings:**
(Click on the meeting name
for more information)

Central / Pacific
Region Meeting
October 2-4, 2005
Monte Carlo Resort
Las Vegas, NV

Eastern Region
Meeting
October 17-19, 2005
Westin Convention
Center
Pittsburgh, PA

Southern Region
Meeting
Oct. 30-Nov. 1, 2005
Beau Rivage Resort
Biloxi, MS

Questions? Comments?
E-Mail Us.

**Currently, Railroad
Security Alert Level
2 is in Effect**

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INTRODUCING...THE PAC TRACK

ASLRRRA is making a major effort to involve all eligible short line employees in our Political Action Committee (PAC) fundraising. With well over 1,000 eligible employees even a modest contribution from each would make us a significant player in Congressional fundraising. Our goal in 2005 is to raise \$100,000 and involve at least 200 new contributors.

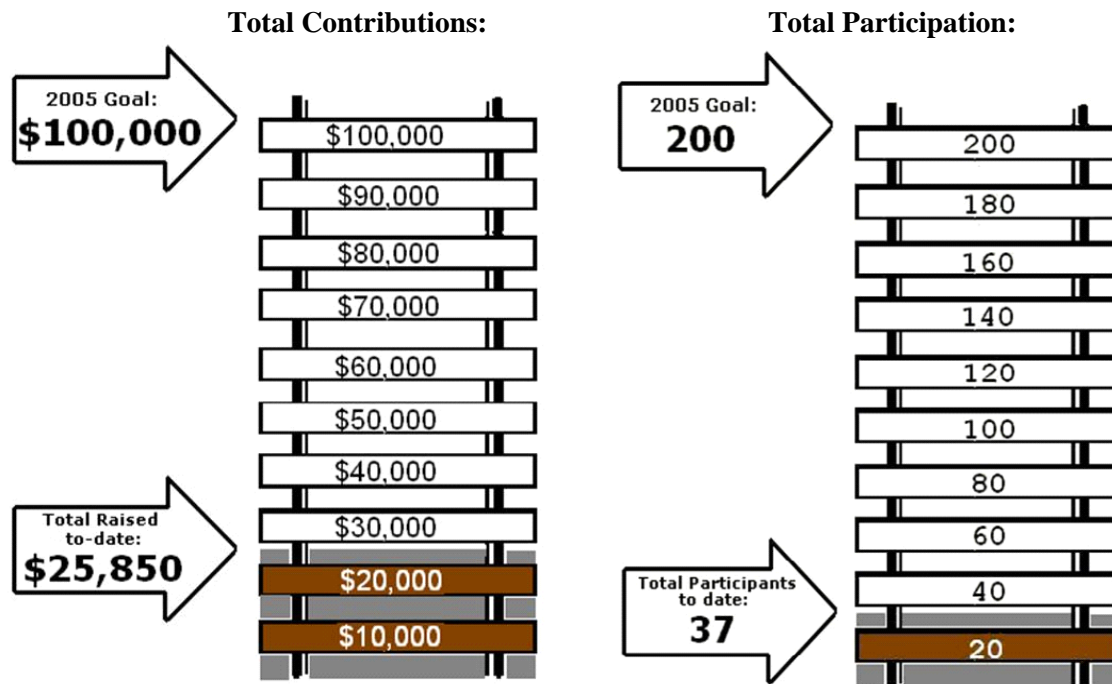
“THE PAC TRACK” is a tool for you to monitor the progress of our association-wide fundraising effort.

Each company’s total contribution and percentage of the total raised will appear on the train car.

Three Reasons for a Well Funded PAC

1. It backstops our local fundraisers so if the event falls short of what the short line promised the PAC can step in with a \$5,000 contribution
2. Key committee Chairman and other Congressional leaders expect our Washington lobbyists to attend their Washington PAC events
3. The PAC is the legal mechanism by which we can collect contributions from the over one thousand short line managers who are not regularly attuned to our political programs.

For information on how to get involved, contact Sally Johnson at 202-638-7790 or sally.johnson@cch-llc.com.



[Click here](#) to view a list of 2005 PAC contributions by railroad.

MONTANA RAIL LINK HIGHLIGHTS TAX CREDIT BENEFITS

Earlier this month, Montana Rail Link hosted U.S. Senator Baucus of Montana at an event to highlight its application of the Short Line Infrastructure Tax Credit. Joined by employees of the railroad, members of the community, and representatives of the media, the Senator contributed to the rehabilitation effort by driving a few spikes himself.

Well before his spiking efforts, the Senator helped Class II and III railroads upgrade their lines through his critical support of the tax credit. As the Ranking Member on the Senate Finance Committee, Senator Baucus

was one of the main decision makers who worked to include the Short Line Tax Credit in the American Jobs Creation Act of 2004. This new tax credit provides Class II and III railroads with a 50 percent credit for each dollar spent on qualified track maintenance expenditures, up to a cap of \$3,500 per mile.

The Senator's visit to Montana Rail Link focused on a line near Billings, Montana that is undergoing a \$5.2 million rehabilitation over the next two years. These expenditures will allow the railroad to replace the existing 115-pound jointed rail that is almost 50 years old with new 136-pound welded rail. In addition, the railroad is installing 21,000 new ties on the line. These improvements will allow the railroad to increase train speeds from 25 mph to 60 mph, resulting in greater efficiency of operations. Without the tax credit, however, the railroad would have had to wait an additional five years to generate enough capital to complete the work.

Equally important to the installation of new rail, is that between 50 and 70 percent of the salvaged rail will be cropped, re-welded, and used to replace 100 year old jointed rail on a Montana Rail Link branch line. This section of the railroad is a very light density line segment that would not have been able to justify this kind of repair for many years.

Montana Rail Link's project and story helped give Senator Baucus a better understanding of the industry, as he was quoted as saying, "It means a lot to me, frankly, to get out here and see how the tax credit works." Richard Timmons, President of the ASLRRA, emphasized the importance of railroads both using the tax credit and educating their elected officials. "Montana Rail Link did a great job of bringing the short line message to Senator Baucus and should serve as an example of how short lines need to connect with their Members of Congress. It is very important to demonstrate to these elected officials that we are responsible stewards of the tax credit and that our railroads are important to the communities we service."

A copy of the Billings Gazette article that highlights Montana Rail Link and the Senator's visit can be found at the following link:

[Tax Credits Enable MRL Rail Fixes](#)

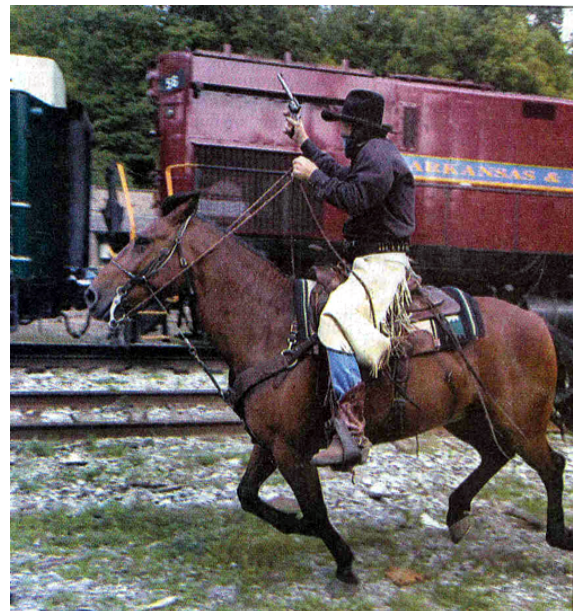
RIWG COVERS HOSTILE TERRITORY

The quarterly meeting of the Railroad Industry Working Group (RIWG) was hosted by the Arkansas & Missouri Railroad Company in Springdale, AR on July 14th & 15th. The meeting kicked off with an inspection trip on one of the A&M's restored passenger cars, but was interrupted at Winslow, AR by masked cowboys on horseback who made the members of the working group sing "Happy Birthday" at gun point to ASLRRA's General Counsel, Keith Borman. Upon learning that Mr. Borman had practiced law for more than 30 years, much of it in Washington, DC, the bandits briefly contemplated shooting him outright but, just in the nick of time, A&M police in motorized Broncos arrived to save the day, allowing the inspection train to successfully complete its journey.

Among the topics discussed by the working group were: procedures for relief under the Railroad Industry Agreement (RIA), car availability, event reporting, and industry regulatory issues.

Members of the group who were in attendance were:

- Reilly McCarren - Arkansas & Missouri
- Warren Wilson - Union Pacific
- Sandy Franger - RailAmerica



The "hold-up" during the RIWG meeting drew a crowd and received coverage in the local newspaper.

- Len Kellermann - CSX
- Tom Collard - Southern Railroad Company of New Jersey
- Cindy Pratt - Canadian Pacific
- Dave Eyerhmann - Dallas, Garland & Northeastern
- Mark Schmidt - BNSF
- Brad LaFevers - Heart of Georgia
- Bob Smit - Canadian National
- Gene Blabey – Livonia, Avon & Lakeville System
- John Kraemer - Norfolk Southern
- Lou Warchot - AAR
- Steve Sullivan - ASLRRRA
- Keith Borman - ASLRRRA

Compliments and gratitude for a great meeting and warm Arkansas hospitality are extended to Brent McCready, Brenda Brown, and the rest of the A&M family.

More information on the RIA and the RIWG can be found on the ASLRRRA web site at www.aslrra.org.

IOWA INTERSTATE RECEIVES RRIF LOAN

Dennis H. Miller, President and CEO of the Iowa Interstate Railroad, Ltd. (IAIS), announced the approval of a \$32,700,000 Federal Railroad Administration RRIF (Railroad Rehabilitation Infrastructure Fund) loan to be used for rehabilitating the 500 mile Iowa based railroad.

“The funds will be used to upgrade and rehabilitate approximately 300 miles of track between Atlantic, Iowa and Bureau, Illinois. The end result will be a railroad capable of handling 286,000 pound loads and operating at a speed of 40 MPH. The project will consist of bridge upgrades, siding work and extensions, 700,000 rail anchors, 5 miles of new rail, 183,000 crossties, road crossing repairs, and surfacing of 200,000 tons of ballast. Upon completion of the main project, rail grinding will be done on 40 miles of track,” Miller said.

The Project has already started and is scheduled for completion by the end of 2006. “This 25 year loan will enable the IAIS to eliminate the deferred maintenance which occurred over the past 30 years and position the railroad to handle larger cars that have become the standard in recent years,” commented Miller.

Founded in 1984, IAIS is a regional carrier operating over 500 miles between Omaha, Nebraska, and Chicago, Illinois, of the former Chicago, Rock Island and Pacific (“Rock Island”), which liquidated in 1980. IAIS Chairman Henry Posner III noted, “IAIS’ original mission was to create competition for its on-line customers through its connections with every Class 1 railroad in the USA. With these improvements to our infrastructure, not only will that competition will be enhanced but additional capacity will be created in the Central Corridor at a time when capacity is at a premium. This further validates the vision of IAIS’ founders, Heartland Rail Corp., and the State of Iowa, whose loan programs over the years have been instrumental to both the company’s formation and its survival through some very difficult times.”

FLORIDA NORTHERN LEASES 70-MILE CSX LINE

Florida Northern Railroad Company, Inc. (FNOR) announced that it has signed an agreement with CSX Transportation (CSXT) to operate the rail line from High Springs, Florida to Red Level Jct., Florida. FNOR began operations on May 28, 2005, following the 7-day notice period required by the Surface Transportation Board for FNOR to obtain authority to operate the railroad.

FNOR, headquartered in Plymouth, Florida, is a wholly owned subsidiary of the Pinsky Railroad Company. Pinsky was founded in 1938 and is an operator of several short line railroads. The line is about 70 miles long and will handle approximately 35,000 cars per year.

The rail line provides service to customers in High Springs, Newberry, Romeo and Progress Energy in Red Level Jct. Florida

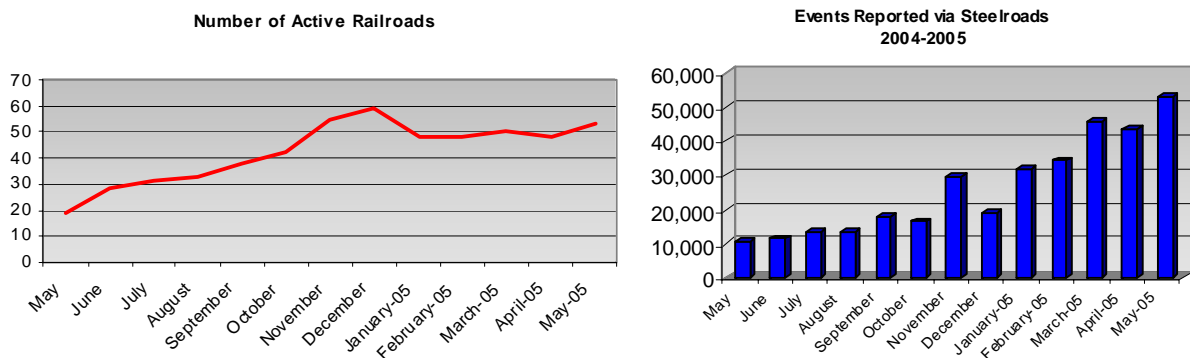
John Levine, President of the Pinsky Railroad Company stated, "This line acquisition is a good fit to the existing core of our Railroads and will enhance our operations in Florida."

NORFOLK SOUTHERN SURPLUS SALE CONTINUES

Norfolk Southern Railroad is continuing to offer short lines and regional railroads equipment and materials they no longer need. Now offered are:

- Flat cars equipped with continuous welded rail racks for maintenance-of-way service. These cars were built in 1953 with friction side frames that have been converted to roller bearings. Former owner was Conrail. Cars are sold "as is," however, NS will move them from any NS station to any NS station for \$500 per car. Closing time and date for bids is Noon, July 29. For additional details and a bid request form, [click here](#).

STEELROADS® EVENT REPORTING - MAY 2005



Event Reporting in Steelroads is rising quickly. In the past year, the number of events reported has increased over five times!

The number of active railroads using Steelroads to report their events is also rising steadily. Event Reporters are using Steelroads to keep their systems up-to-date and their customers informed of the status of their shipments, leading to increased satisfaction on both sides.

Learning how to report events in Steelroads is quick and easy. In fact, many users wish that they'd started using Steelroads months earlier! Remember, it's free *and* easy to use.

Get started today by logging onto www.steelroads.com and clicking on *Become a Member*.

AAR DAMAGE PREVENTION & FREIGHT CLAIM CONFERENCE

The 2005 AAR Damage Prevention & Freight Claim Conference is scheduled for August 22-24 in Hilton Head, SC. Attendance is open to railroads, shippers, suppliers and others interested in freight damage prevention, claim settlement and quality transportation issues. A special invitation has been extended to short line railroad representatives who would like to learn more about the various educational topics included in the conference agenda.

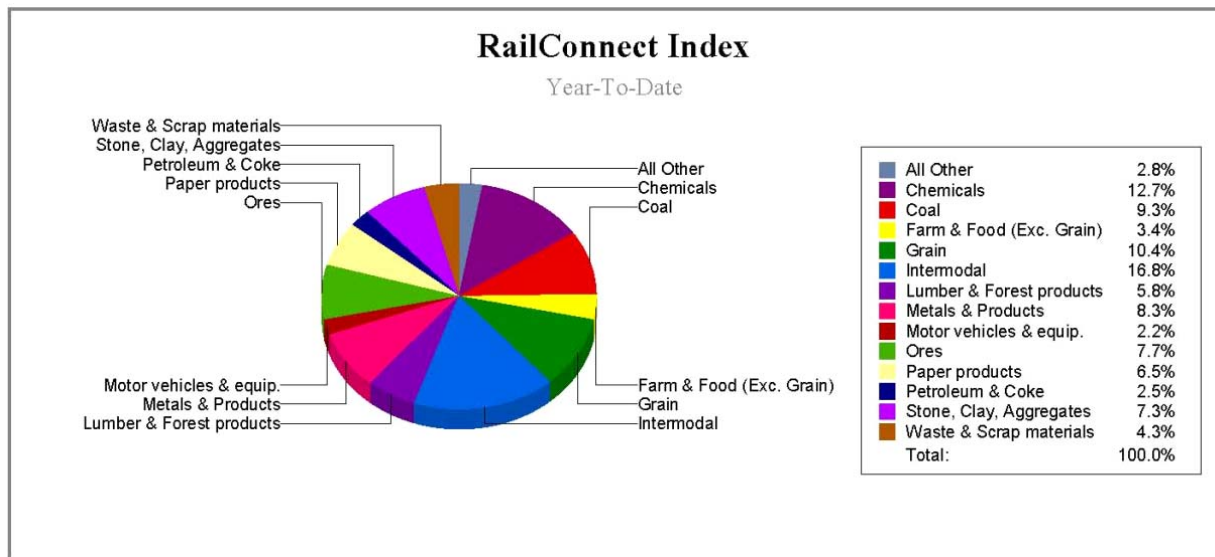
For complete information on conference topics, hotel accommodations and registration, [click here](#).

RMI RAILCONNECT INDEX OF SHORT LINE TRAFFIC

For the week ending: 6/25/2005

Number of Railroads: 212

	Current Week			Year-To-Date		
	2005	2004	% Change	2005	2004	% Change
Carloads Handled						
Coal	9,636	8,605	11.98%	221,218	228,510	-3.19%
Grain	10,736	10,652	0.79%	247,017	248,288	-0.51%
Farm & Food (Exc. Grain)	3,423	2,903	17.91%	81,683	70,478	15.90%
Ores	7,629	8,014	-4.80%	182,267	179,266	1.67%
Stone, Clay, Aggregates	8,749	7,703	13.58%	172,856	137,641	25.58%
Lumber & Forest Products	5,614	5,451	2.99%	138,436	122,462	13.04%
Paper Products	6,154	6,033	2.01%	155,196	138,875	11.75%
Waste & Scrap Materials	4,374	4,246	3.01%	102,465	92,168	11.17%
Chemicals	11,561	11,048	4.64%	301,702	267,907	12.61%
Petroleum & Coke	2,457	2,025	21.33%	60,355	49,089	22.95%
Metals & Products	6,389	7,690	-16.92%	198,149	157,267	26.00%
Motor Vehicles & Equipment	2,359	2,486	-5.11%	52,605	53,566	-1.79%
Intermodal	17,060	13,685	24.66%	399,178	318,642	25.27%
All Other	2,261	3,339	-32.29%	67,186	74,555	-9.88%
Total	98,402	93,880	4.82%	2,380,313	2,138,714	11.30%



RAILROAD TRAFFIC

According to the AAR, U.S. carloads were down 1.3 percent in the week ending July 9, 2005, with 281,984 cars originated, compared to 285,640 cars originated in 2004. Carloads for U.S. Non-Class I's that submit data to the AAR were down 11.1 percent for the week and are up 9.9 percent for the year to date. U.S. intermodal traffic was up 4.3 percent for the week and is up 6.1 percent for the year to date. U.S. and Canadian intermodal traffic is up 2.8 percent for the year. Total volume is up 2.4 percent for the year, with an estimated total of 853.3 billion ton-miles.

For just the week ending July 2, 2005, U.S. carloads were up 0.9 percent and carloads for U.S. Non-Class I's that submit data to the AAR were down 7.8 percent. Carloads were up 1.3 percent in the East and were up 0.5 percent in the West. U.S. intermodal traffic was up 6.9 percent for the week.

EMBARGO NOTICES & REROUTE ORDERS

A complete listing of embargo notices is available at embargo.railinc.com.

American Short Line and Regional Railroad Association
50 F Street, N.W., Suite 7020, Washington, DC 20001
(202) 628-4500 FAX (202) 628-6430 aslrra@aslrra.org