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American Short Line and Regional Railroad Association

VIEWS & NEWS

VOLUME 72

NUMBER 16

AUGUST 29, 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

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

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Questions? Comments?
E-Mail Us.

ON TRACK FOR A CENTURY: CENTRAL CALIFORNIA TRACTION CO. GROWS & CHANGES FOR OVER 100 YEARS

On August 7th, the Central California Traction Co. celebrated the hundredth anniversary of its incorporation in 1905. Over the years, it has experienced and survived the rise and fall of the passenger era, the change from electric to diesel power, and a fight for ownership among three major interstate railroads.

Today, the Central California Traction Co., or CCT, provides a critical link in San Joaquin County's transportation infrastructure, moving up to 2,000 railcars a month for 31 customers at the Port of Stockton and providing daily freight service between east Lodi's industrial and agricultural processors to the major rail lines that run through Stockton. The CCT's current success arises in large part from its joint ownership by two major freight railroads. Union Pacific Railroad owns two-thirds of the CCT, and the other third is owned by BNSF Railway.

"Both the UP and BNSF are looking for ways to complete the logistics chain. We're a neutral carrier for them," CCT general manager Dave Buccolo said. "The CCT allows them both to be competitive with their rates and gives customers a choice of rail carrier."

That joint ownership had its roots in the anti-trust era of the 1920s. But before that, the CCT was in private hands. According to chronicler David Epling of Carson City, Nevada, the CCT was originally a streetcar line, conceived as an alternative to the Stockton Electric Railroad. It began electric passenger-train service to Lodi in 1907, in direct competition with Southern Pacific. In 1910, it extended service to Sacramento and began hauling freight as well. At its peak, Epling tells that the CCT operated 36 passenger trains daily, in addition to its freight operations. It carried general merchandise, livestock, and fresh produce, primarily grapes, strawberries and sugar beets. The CCT was unique among electric-powered railroads of its day for being the first in the nation to use a third rail carrying 1,200 volts - twice that of any other railroad - in order to run a faster train.

In 1927, the CCT was sold to Southern Pacific, but soon afterward the then-Atcheson, Topeka & Santa Fe and Western Pacific railroad companies objected. The Interstate Commerce Commission ruled that the three companies should each own an equal share of the short line operation. However, this joint ownership often harmed the ability of the railroad to smoothly operate.

The end of interurban passenger service came in 1933, and the electric-power era came to a close in 1946 with the switch to diesel locomotives.

Nineteen ninety-eight proved to be a pivotal year for the CCT. The last through train to Sacramento ran June 12, followed by the last train traveling into downtown Lodi in the middle of Lodi Avenue on June 25.

Beginning in November 1998, the CCT's owners decided to give the short line control of rail operations at the Port of Stockton to take advantage of experienced train crews who were on furlough at the time. It made sense since CCT maintenance crews had been performing track work at the port since 1978.

Buccolo, a 33-year trainman who was put in charge of the CCT last year, said on the eve of its 100th birthday that "the port is an integral part of why we're still here. And the CCT wouldn't be where it is without its train crews."

"I've got some of the best people around in the rail industry right now. It makes it very easy to be a good manager," Buccolo said of his 21 employees, many of whom have been with the CCT for more than two decades.

For instance, third-generation trainman Danny Fisher has logged 36 years with the CCT. There isn't anything he can't do on the line. "It's been a good job. You're home every night. My dad wanted me to work for the Western Pacific, but then you're gone. I didn't want to do that," Fisher said.

"We're excited we're still here after a hundred years. With expected growth, we'll hire eight more people in the next three years. We have new customers pending," Buccolo said, both at the port and along the tracks in the Lodi area. "And we know our customers by their first names. That's where a small railroad can give a customer service," Buccolo said.

Five years ago, the short line was delivering or picking up 400 to 500 railcars a month for its customers at the port and setting them up for either UP or BNSF engines to bring to their massive rail yards just outside Stockton. Today, that number is 1,500 to 2,000 a month, and there appears to be no end in sight for growth.

The CCT has seven locomotives and two operating divisions. It runs on 70 miles of track at the port and an unconnected 15 miles of track between its historic Cherokee Shop in east Stockton and Lodi's industrial district east of Highway 99, where it serves six customers.

Lodi fruit packer Pacific Coast Producers, established in 1971, has been a customer of the CCT for as long as anyone can remember. In fact, the railroad has been serving PCP's predecessors since the 1920s. "They deliver empty railcars. If we didn't have that service, it'd be much more expensive to transport our goods," said Dick Ehrler, PCP's vice president of human resources.

Last September, it began a 13-month, \$6.7 million project to rebuild the track and crossings in conjunction with Lodi and the San Joaquin Council of Governments. Track is also being upgraded at the port in anticipation of future needs.

"Everything out here at the port is just going to mean more good jobs for Stockton for another hundred years," Buccolo said.

DEPARTMENT OF ENERGY TO USE DEDICATED TRAINS FOR NUCLEAR WASTE SHIPMENTS

On July 18th, the Department of Energy announced that nuclear waste bound for a national repository in the Nevada desert will be shipped on dedicated railroad cars, rather than sharing trains with other cargo. While general freight trains will remain an option for transporting the waste, DOE's policy will be to use dedicated train service (DTS) for the estimated 3,500 shipments of spent nuclear fuel and high-level defense waste going to the Yucca Mountain repository.

Past and current spent nuclear fuel campaigns by DOE programs, including fuel from Three Mile Island and the West Valley Demonstration Project, the Foreign Research Reactor Spent Nuclear Fuel Acceptance Program, and commercial campaigns, have used DTS.

The trains will carry waste from sites in some three dozen states to the repository planned 90 miles northwest of Las Vegas. DOE opted to rely on rail as the primary method of transport because it necessitates fewer shipments than trucks and because it reduces environmental impacts. Officials also stated that using dedicated trains would be cheaper and more secure than regular freight trains. Other benefits of using DTS include:

- Safety: The radiological risk resulting from transport without incident may be lower due to decreased time in transit.
- Security: Escort and other physical protection features can be employed when using either DTS or general freight service; however, DTS does offer some advantages:
 - Shorter trains allow for better visual monitoring from the locomotive and escort car, resulting in increased command and control capabilities.
 - Avoidance of lengthy dwell times in rail yards
- System cost: DTS offers significant cost savings over the lifetime of the Yucca Mountain project. The cost of using DTS is offset by a reduced fleet size and its attendant operations and maintenance.
- Operations: There will be several benefits for repository and transportation operations:
 - Transit and turnaround times will be shorter with DTS, enabling the repository to operate with fewer casks and fewer railcars (i.e. equipment will not sit idle in rail yards).

- DTS provides greater operational flexibility and efficiency for the waste management system due to reduced time in transit, and greater predictability in routing and scheduling.
- Repository operational resources can be better managed by taking advantage of more predictable shipment and receipt schedules.
- Transportation planning and operations will be simplified by narrowing mode and type to mostly rail coupled.

PHMSA OFFICE OF HAZARDOUS MATERIALS SAFETY ISSUES NOTICE OF HAZARDOUS MATERIALS REGULATIONS ENFORCEMENT FOR MAY 2005

The Pipeline and Hazardous Materials Safety Administration has begun a monthly initiative to increase public awareness of its enforcement efforts. The Hazardous Materials Enforcement Notice below gives an overview of these efforts for the month on May, 2005. For further information, please contact:

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The Pipeline and Hazardous Materials Safety Administration (PHMSA) recently gave notice to the regulated industry and its stakeholders of the 33 hazardous materials civil penalty cases it closed in the month of May 2005 for violations of the Hazardous Materials Regulations (HMR) (49 Code of Federal Regulations Parts 171 – 180). During 2005, PHMSA has closed a total of 110 hazardous materials civil penalty cases and collected \$681,080 in penalties.

It is the task of PHMSA's inspection and enforcement staff to improve compliance with the safety and training standards of the HMR by inspecting companies and individuals who offer hazardous materials for transportation, or who manufacture, maintain, repair, recondition, or test packages authorized for transporting hazardous materials.

PHMSA has public responsibility for the safe and secure movement of hazardous materials to industry and consumers by all transportation modes, including the nation's pipelines. It also strives to improve hazardous materials safety. In order to meet this goal, PHMSA uses a number of tools. Enforcement is one useful safety tool and training is another. The PHMSA Office of Hazardous Materials Initiatives and Training (OHMIT) provides products and programs that aid the regulated industry's compliance with the HMR. Last year, the PHMSA Hazmat Safety Assistance Team reached over 11,200 individuals in the hazmat community, provided over 250 hazmat awareness presentations, and distributed over 39,000 standard information packets. The OHMIT training program includes Multimodal Hazardous Materials Transportation Training Seminars held throughout the country. These seminars drew nearly 1,000 participants last year. For fiscal year 2006, seminars are planned for the following locations:

- Dallas, TX, December 6-7
- Seattle, WA, March 14-15
- Newark, NJ, May 16-17
- Chicago, IL, August 22-23

For more information, please visit the USDOT hazardous materials website at <http://hazmat.dot.gov/training.htm>.

NEW OPERATOR SOUGHT FOR VIRGINIA SHORT LINE RAILROAD

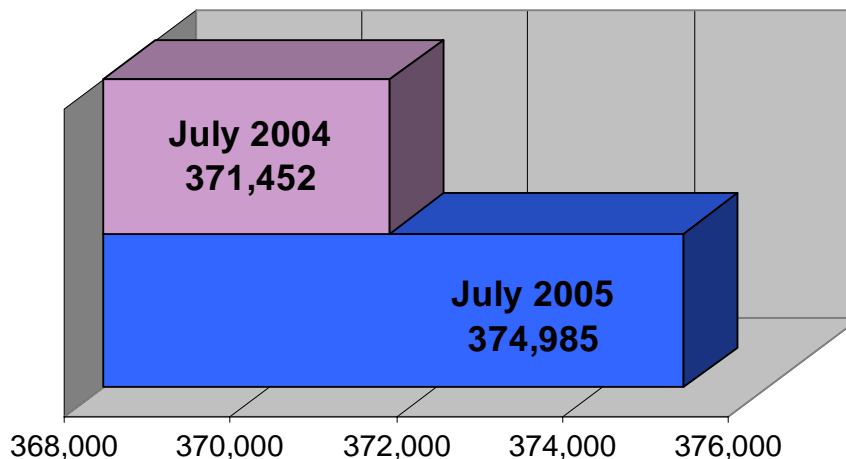
The owners of the Virginia Short Line Railroad, now operated by the Eastern Shore Railroad, Inc., issued a Request For Proposal on August 5 seeking a new operator for the railroad under a lease arrangement. The process calls for selection of a "short list" by September 6. Interested parties should contact R. Blanchard at 215-985-1110 or rblanchard@rblanchard.com for further details.

RAILINC SHORT LINE AND REGIONAL TRAFFIC INDEX

In the month of July, Coal was the fastest growing commodity moved on short line and regional railroads, followed by Trailer or Container shipments. As a whole, carloads originated on short line and regional railroads rose by 1.0%. This traffic index is compiled by Railinc as a service to the industry. For more information on Railinc, please visit www.railinc.com.

Carloads, by commodity	Carloads Originated July '05	Carloads Originated July '04	% Change
	(Based on 483 railroads)	(Based on 464 railroads)	
Chemicals	33,972	32,503	4.5%
Coal	20,893	13,514	54.6%
Crushed Stone, Sand and Gravel	25,247	21,824	15.7%
Food and Kindred Products	11,004	10,968	0.3%
Grain	25,522	23,266	9.7%
Grain Mill Products	7,834	7,406	5.8%
Lumber and Wood Products	18,325	21,477	-14.7%
Metallic Ores	2,721	7,674	-64.5%
Metals and Products	22,482	24,696	-9.0%
Motor Vehicles and Equipment	7,590	6,783	11.9%
Nonmetallic Minerals	3,303	3,550	-7.0%
Petroleum Products	1,571	1,391	12.9%
Pulp, Paper, and Allied Products	25,911	26,174	-1.0%
Stone, Clay and Glass Products	15,994	15,043	6.3%
Trailer or Container	43,797	33,708	29.9%
Waste and Scrap Materials	11,098	9,347	18.7%
All Other Carloads	97,721	112,128	-12.8%
Total	374,985	371,452	1.0%

Total Carloads, July 2004 vs. 2005



SHORT LINE RAILROAD TRAFFIC CLIMBS 9.2% IN SECOND QUARTER OF 2005

On August 23, RMI reported the RailConnect Index® Quarterly Analysis of Traffic Statistics for the Second Quarter 2005. In its Quarterly Analysis, which is designed to provide railroads and rail shippers with insight on short line growth and trends, RMI reports that short line carload traffic increased by 9.2 percent in the second quarter ending June 30, 2005.

The RailConnect Index includes traffic summaries of 14 commodity groups from nearly 220 short line, regional, and terminal switching railroads in North America.

“Our data underlines the fact that more and more shippers continue to rely on short line railroads to deliver critical transportation services,” said Pete Kleifgen, Chairman of RMI. In fact, we expect that the second half 2005 may be even more beneficial for short lines than the first.

Winners and Losers: Trends in Commodity Traffic

Four commodity groups made up nearly 80 percent of carload growth in the first half of 2005 including Intermodal (+25.6%); Metals & Products (+24.5%); Stone, Clay & Aggregates (+24.8%); and Chemicals (+12.81%). At the same time, RMI’s RailConnect Index® Quarterly Analysis did point to several commodities that witnessed a decline in carloads, including Motor Vehicles (- 2.64%), Coal (-2.70%), Grain (-.16%), and Other (-10.39%). These commodities made only a slight impact on short lines’ aggregate numbers in the first half of 2005 by a total of less than one percent of all carloads.

Overall, short line traffic grew at a double digit rate in the first half of 2005 with Intermodal; Stone, Clay & Aggregates; Metals & Products; Petroleum & Coke; and Farm & Food (excluding Grain) as the list of the top five performers in the first half of 2005.

Top Performers: 2005 versus 2004 Rankings Summary:

Fastest Growth	% Increase	% All Carloads	Carload Rank
Intermodal	25.6%	16.9%	1
Metals & Products	24.5%	8.3%	5
Stone, Clay, Aggregates	25.8%	7.25%	7
Farm & Food (Excl Grain)	15.5%	2.34%	11
Petroleum & Coke	22.7%	2.54%	13

Predictions: Second Half 2005

RMI expects that the second half of 2005 to be promising for both Class I and short line carriers. The housing market and intermodal shipments are expected to continue to grow at a robust pace. Additionally, grain comps are not as difficult in the second half of the year, indicating that some growth will be forthcoming from an area which did not perform well in the first half. It is expected that if Powder River Basin service problems and maintenance issues are resolved, coal comparisons may improve.

RMI Data Collection Process

RMI collects and aggregates the data for the RailConnect Index through the company’s RailConnect® suite of services. The RailConnect applications enable more than 260 railroads and rail shippers in the U.S.,

Canada, and Mexico to manage rail operations, improve customer service and reduce costs. From its current RailConnect customer base, RMI processes more than six million carloads annually for railroads, rail shippers and railcar leasing companies.

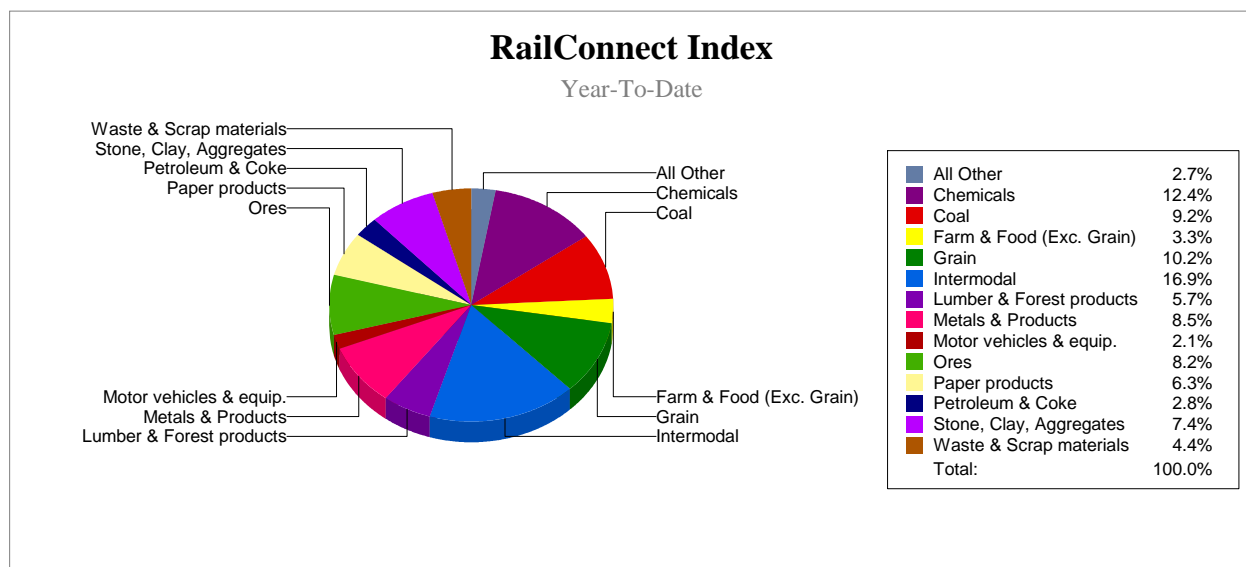
RMI's RailConnect Index Quarterly Analysis is available for distribution and publication to industry analysts and trade journals. The Index is also available to RailConnect customers free of charge.

RMI RAILCONNECT INDEX OF SHORT LINE TRAFFIC

For the week ending: 8/13/2005

Number of Railroads: 212

Carloads Handled	Current Week			Year-To-Date		
	2005	2004	% Change	2005	2004	% Change
Coal	9,041	9,234	-2.09%	284,805	291,264	-2.22%
Grain	11,311	9,821	15.17%	316,288	313,696	0.83%
Farm & Food (Exc. Grain)	3,395	3,034	11.90%	101,506	88,621	14.54%
Ores	8,394	6,555	28.05%	255,123	236,009	8.10%
Stone, Clay, Aggregates	8,525	7,873	8.28%	230,876	184,981	24.81%
Lumber & Forest Products	5,436	5,369	1.25%	175,822	157,243	11.82%
Paper Products	5,952	5,981	-0.48%	194,994	177,105	10.10%
Waste & Scrap Materials	4,399	4,317	1.90%	135,814	120,499	12.71%
Chemicals	11,888	11,276	5.43%	385,074	341,642	12.71%
Petroleum & Coke	2,915	2,337	24.73%	86,895	65,920	31.82%
Metals & Products	7,663	8,019	-4.44%	265,036	211,273	25.45%
Motor Vehicles & Equipment	1,957	1,923	1.77%	64,331	66,078	-2.64%
Intermodal	17,247	15,784	9.27%	525,117	422,490	24.29%
All Other	2,543	2,895	-12.16%	84,416	94,396	-10.57%
Total	100,666	94,418	6.62%	3,106,097	2,771,217	12.08%



RAILROAD TRAFFIC

According to the AAR, U.S. carloads were up 2.0 percent in the week ending August 20, 2005, with 339,225 cars originated, compared to 332,728 cars originated in 2004. Carloads for U.S. Non-Class I's that submit data to the AAR were up 9.6 percent for the week and are up 9.0 percent for the year to date. U.S. intermodal traffic was up 9.0 percent for the week and is up 6.2 percent for the year to date. U.S. and Canadian intermodal traffic is up 5.6 percent for the year. Total volume is up 2.3 percent for the year, with an estimated total of 1,050.4 billion ton-miles.

For just the week ending August 13, 2005, U.S. carloads were up 1.1 percent and carloads for U.S. Non-Class I's that submit data to the AAR were up 13.5 percent. Carloads were up 3.3 percent in the East and were down .8 percent in the West. U.S. intermodal traffic was up 7.0 percent for the week.

EMBARGO NOTICES & REROUTE ORDERS

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

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