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[Eastern Region Meeting](#)

Hyatt Regency on the
Hudson
Jersey City, NJ
Sept. 30-Oct. 2, 2004

[Central / Pacific Region Meeting](#)

Hyatt Regency
Riverwalk
San Antonio, TX
Oct. 10-12, 2004

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Security Alert Level
2 is in Effect**

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AAR CREATES ADVANCED TECHNOLOGY SAFETY INITIATIVE

The Association of American Railroads (AAR) has announced an initiative that will use innovative trackside technology to improve safety and efficiency on the rail network by giving **freight car owners** advance warning when freight car wheels are deteriorating.

Through a series of proposed changes to the AAR Interchange Rules, it is anticipated that the new Advanced Technology Safety Initiative (ATSI) will be implemented on October 1, 2004.

With more high-capacity railcars, fewer trains are needed to carry increased freight volumes. But these heavier loads have caused significant stress where a freight car's steel wheels meet the steel rail, necessitating substantial industry investment in maintenance and repair.

To keep freight rail operations and track infrastructure strong, the AAR has introduced the ATSI, a predictive and proactive maintenance system that uses the best available technology to detect and report potential safety problems and poorly performing equipment before they result in accidents or undue rail damage. This strategy provides a window of opportunity to perform maintenance before equipment causes damage to the rail infrastructure or the freight car itself.

Benefits of identifying and repairing equipment flaws before they become critical include:

- Enhanced safety
- Decreased disruptions of service
- Improved operating efficiency
- Reduced overall system costs

How It Works

The first effort under the new initiative is the use of data from wheel impact load detectors (WILD) to monitor the health of railcar wheels. When a freight car wheel exerts a peak impact load of 90 kps or above, measured by a WILD site, it is not operating effectively, is considered "out of round" and is on the path to failure.

The program provides a window of opportunity that opens when a wheel reaches a predetermined impact level, giving car owners a chance to schedule the wheel replacement and get the car back in service with as little disruption as is practical. It gives private car owners and handling lines new responsibilities and options to plan repairs and maintain equipment, allowing all parties to take an active role in the continued success of the freight rail industry.

Under the ATSI, railroads and car owners work together to take advantage of condition-based maintenance opportunities, avoiding undue wear and damage to the rail infrastructure and freight cars. However, when the car owner fails to address the deteriorating condition of the car within the window of opportunity, the handling carrier will be allowed to repair the problem and not be constrained by regular AAR repair billing rates.

The Process

- First, automated equipment health monitoring systems generate data obtained from WILD and other technology to identify a stress state condition
- The car owner is advised of the deteriorating condition. This event notification opens the window of opportunity to fix the problem.
- The car owner then arranges with the handling carrier for remediation or requests that the car be moved to a home shop or a designated location on the handling railroad for corrective repairs.
- Once remediation is accomplished, the party performing the repair updates the equipment health management system, removing the stress state "flag" from the particular wheel.

While the program is initially centered on the use of WILDs, in the future the ATSI will expand with additional predictive technologies and measures. If you have comments or questions regarding the ATSI, send them to Rich Timmons, President, ASLRRRA at rtimmons@aslrra.org.

LEGAL AND REGULATORY UPDATE

By Keith Borman, ASLRRRA General Counsel

A number of significant events at the Surface Transportation Board and in the courts have disrupted the usually languid pace preceding the Labor Day weekend. First, on August 31 the STB announced its decision in the TTX application for a fifteen-year renewal of its flatcar pooling authority. Generally praising the record of efficiency and benefit to shippers which TTX has generated over the past 30 years, the Board granted a 10-year extension with the proviso that the STB Office of Compliance and Enforcement shall produce a monitoring report of the operation of the pooling authority at the end of five years and again at the end of the full ten-year period. Vice Chairman Mulvey dissented in part. While agreeing with the overall effectiveness of the TTX intermodal flatcar pooling arrangement, he would not extend that authority to specialized, non-intermodal flatcars and would instead grant only authorization for an interim period during which the market could adjust to the loss of pooling authority for those cars. However, the majority (Commissioner Buttrey and Chairman Nober) did not agree to limit the pooling authority to intermodal flatcars, and the 10 year extension will apply to all flatcars operated by TTX.

August 31 was also the date on which the STB held a hearing to consider whether to initiate an informal rulemaking proceeding for an expedited short line abandonment process as advocated by 64 short lines in STB Ex Parte Proceeding 647. In testimony before the Board, counsel Mark Sidman explained that the proposed rulemaking would eliminate the requirement of prior STB approval before underperforming track operated by short lines could be abandoned and would significantly attenuate the period of time required to accomplish short line abandonments. He noted that because of their limited systems, short lines are loathe to abandon lines and further shrink their already-small systems. However, when abandonments are the only recourse the current lengthy procedure often results in eliminating whatever residual value the line might have to a potential buyer such as a local government. In their remarks to the Board, representatives of rail labor questioned the need for an expedited procedure and warned of the possibility that Class I railroads might be tempted to short cut the traditional STB abandonment approval process by conveying lines they wish to abandon to short lines, who then could quickly dispense with them through the proposed abbreviated short line abandonment process.

The Commissioners addressed numerous questions to the rail and labor speakers. They particularly focused on the effect of the proposed changes on the Board's statutory mandate to approve abandonments. A decision is expected in several weeks. If it approves the request, the STB will commence a rulemaking procedure in which it will gather significant amounts of data and will again seek comments from the public before announcing a proposed rule, which would not necessarily mirror the current proposal in Ex Parte 647. If the Board votes against initiating proposed rule making, the matter will be closed absent any requests for reconsideration or appeals.

Finally, the short line industry had a difficult week in the judicial branch of the federal government when the United States Court of Appeals for the Eighth Circuit ruled against the Iowa, Chicago and Eastern Railroad in an action in which it sought to enjoin Washington County, Iowa from imposing on it the costs of improving four rail bridges which would only benefit highway safety. Arguing that the proposed action was a violation of the Interstate Commerce Commission Termination Act (ICCTA), the I.C. & E claimed that it should not have to bear the cost of safety improvements which do not have some commensurate benefit to the operation of the railroad.

The Court ruled that the ICTTA preemption provision does not prohibit the state of Iowa from merely undertaking administrative proceedings to assess the railroad's contribution to the rehabilitation projects.

The Court noted that other federal laws such as the Federal Rail Safety Act enacted before ICCTA deal specifically with rail and highway safety and contain more limited preemption provisions than the sweeping language in ICCTA. Further, those federal safety statutes allow some role for the states. On that basis the Court concluded that the state of Iowa's administrative proceeding is not preempted by ICCTA, which is primarily focused on economic, not safety issues. The Court left open the possibility that the preemption argument may be raised later under the safety statutes. For example, if federal funds are allocated to the projects, then federal law will determine the cost allocation and state law allocating some of the cost to the railroad would be preempted.

While this narrow ruling gives the I.C. & E. the opportunity to raise the preemption argument again before it actually has to write a check for any of these projects, as a practical matter railroad lawyers experienced with these state proceedings know that they can impose tremendous pressure on the railroads to cooperate. Further, the cost of protracted litigation against the states can be a huge financial burden itself to short lines with limited resources and puts further pressure on them to concede to state demands once the states are allowed to commence administrative proceedings.

As of the time this edition of Views & News went to press I understand that the I.C. & E. has decided not to file a Petition for Reconsideration in the Court of Appeals. However, the case is a matter of significant concern to all railroads, and the ASLRRRA will continue to monitor this and other similar cases working through the courts and will report on their status in future editions of Views & News. If you would like more information about any of these cases, email me at kborman@aslrra.org, and I will cheerfully respond!

SIGN UP FOR ASLRRRA's 2004 REGIONAL MEETINGS

ASLRRRA's 2004 Regional Meetings kick off this weekend in Lexington, KY with the Southern Region Meeting, Sept. 12-14 at Marriott's Griffin Gate Resort. If you haven't signed up yet, send in your registration forms today. For lodging information, contact Kathy Cassidy at (202) 585-3434 or kcassidy@aslrra.org. [Click here](#) to download registration materials for the Southern Region Meeting.

The Eastern Region has a terrific meeting planned for Sept. 30 – Oct. 2 at the Hyatt Regency on the Hudson in Jersey City, NJ. The hotel cut-off date has been extended to Friday, September 10. Be sure to make your reservations as soon as possible to get our group rate of \$139 / night. Call the Hyatt Regency on the Hudson at (201) 469-1234 and mention group code **Rail** or **American Short Line** to get the discounted rate. [Click here](#) for program information and registration materials for the Eastern Region Meeting.

The Central and Pacific Regions will meet jointly October 10-12 at the Hyatt Regency Riverwalk in San Antonio, TX. Program details on the Central / Pacific Meeting will be available soon. To make your room reservations at our group rate of \$134 / night, contact the Hyatt Regency Riverwalk at (210) 222-1234 and mention group code **GARRA** or **American Short Line Railroad** to obtain our group rate. The hotel room cut-off date is Thursday, September 16.

SHORT LINE EVENT REPORTING IMPROVING

The Network Efficiency Management Committee (NEMC) met on September 2nd to review various industry initiatives including interchange and car event reporting. This issue between short lines and Class I's is commonly referred to as the "Black Hole" problem. The good news is that short line reporting within the 12 hour event window is improving. However, there are still 136 short lines or approximately 1/5 of Class II and Class III railroads who fail to report in this 12 hour standard. There are a number of reasons why this occurs on these railroads, but 85 of those below the standard interchange exclusively with only one class 1 railroad. All seven Class I railroads in the U.S. have agreed to work with their short lines in this group of 85 to come up with solutions to the reporting problems by the end of the year. More to follow on this subject in the coming months.

REMOTE COMPUTING WORKING COMMITTEE MEETS IN MORRISTOWN

The Remote Computing Working Committee, a sub-committee of the ASLRRA Technical Committee, met at the Morristown & Erie Railway on August 26-27. The Committee has been charged with identifying the equipment and solutions available to have a computer with a train crew to report movement events and perform other functions. The Committee has two specific goals: first, identify the solutions that are currently available and may be used as a tool for non-reporting short lines to begin reporting, and; second, identify how those solutions might be beneficial to those railroads that currently are reporting, including cost savings that result from reduced errors and how real time reporting possibilities can help them grow their businesses.

The highlight of the meeting was a focus group of short lines that discussed their needs for remote computing. Representatives from the East Jersey Railroad, SMS/Penn Jersey Lines, Southern Railroad Company of New Jersey, and the Morristown & Erie Railway provided the group with a great deal of information on how they do business today, their needs down the road, and how having a computer with their crews can help their companies.

The sub-committee will report their progress and results of this meeting to the full Technical Committee at the next scheduled teleconference.

VACANCY ON RIWG

The Railroad Industry Working Group (RIWG) has a vacancy in the Pacific Region to serve on this important and motivated industry committee. Membership is comprised from Short Lines and Class I railroads. Topics covered by the group include issues with paper barriers, new business development, interchange service, and car supply. Business is conducted in 12 monthly meetings comprised of four traditional face to face meetings and eight teleconference meetings. Current short line representatives are:

- Brad LaFevers, Heart of Georgia RR, representing the Southern Region
- Gene Blabey, Livonia, Avon & Lakeville RR, representing the Eastern Region
- Dave Eyerhmann, Dallas, Garland & Northeastern RR, representing the Central Region
- Sandy Franger, RailAmerica, At Large member
- Tom Collard, Southern Railroad Company of New Jersey, At Large member
- Reilly McCarren, Arkansas & Missouri RR, At Large member
- Steve Sullivan, ASLRRA staff member
- Keith Borman, ASLRRA Short Line Counsel

Interested parties for the Pacific Region vacancy should contact Tom Schlosser, ASLRRA Vice Chair & Pacific Region Vice President at (707) 428-9580 ext. 203 or Thomas.Schlosser@RailAmerica.com.

For more information about the RIWG please contact Steve Sullivan at the ASLRRA at, (202) 585-3432 or Sullivan@aslrta.org.

The next meeting of the RIWG is scheduled for October 10th in San Antonio, TX, in conjunction with the ASLRRA Central/Pacific meeting.

FRA / ASLRRA REGIONAL SHORT LINE SEMINAR SCHEDULED IN KANSAS CITY

The Federal Railroad Administration, in cooperation with their state regulatory partners and the ASLRRA, has announced that they will hold a regional railroad safety seminar on October 13-15 at the Park Place Hotel in Kansas City, MO.

The seminar will include a review of existing as well as some new federal railroad safety regulations and issues, including the new Power Brake Law and the new Roadway Maintenance Machine rules.

Rooms are available at the Park Place Hotel at a corporate rate of \$76 for a Standard Double OR Standard King, \$96 for an Executive King and \$106 for a Deluxe King. The room rates are good for Tuesday, Wednesday and Thursday nights.

If you have any specific issues or topics you would like to see addressed at the seminar, or if you have any questions, please contact John Wyker, Chief Inspector, FRA in Kansas City at 816-329-3840.

Please respond to FRA by September 10, if at all possible. Registrations will be accepted up to the day of the seminar IF THERE IS SPACE AVAILABLE. There are no registration costs or fees other than your transportation and lodging. On Friday, there will be a field trip to Coburg Yard in Kansas City to observe mechanical inspections and a freight train air brake test. The host railroad will require safety boots and personal protective equipment for observers.

A copy of the agenda and registration forms are available by [clicking here](#).

CSX / OMNITRAX PARTNER IN GEORGIA BUSINESS DISTRICT

CSX Transportation has announced its partnership with one of North America's leading transportation services companies, OmniTRAX, to provide more efficient switching to the Fulton Industrial Business District, just outside Atlanta, GA.

The partnership was created following CSXT's most recent phase of improvements in the Fulton area, which included the design of more frequent and customer responsive switching, along with joint commercial and development efforts between CSXT and its Fulton Partners. OmniTRAX was commissioned by CSXT to continue that positive trend and elevate the level of service even further.

"Our partnership with OmniTRAX is another positive step toward providing the Fulton Business District the type of service it requires to become one of the Southeast's major transportation hubs," said, Gerry Nechvatal, Regional Development Manager, CSXT. "Leveraging OmniTRAX's expertise and experience as a foremost service provider, in conjunction with CSXT's recent infrastructure investments, will foster continued growth and development of the area."

OmniTRAX will utilize the resources of the Broe Companies, its affiliated real estate and investment company, to augment its transportation services with real estate and other industrial development activities to foster economic expansion and job creation within Fulton Industrial Business District. This unique combination of transportation and real estate expertise creates a model that OmniTRAX has utilized successfully across its system and that it hopes will serve as a platform for an expanded relationship with CSXT.

GENESEE & WYOMING BUYS CSX GEORGIA LINE, LEASES PPU

On August 30, Genesee & Wyoming Inc. announced that it has signed a 20-year agreement to lease the assets of the Peoria and Pekin Union Railway Co. (PPU) through a newly formed subsidiary, the Tazewell & Peoria Railroad, Inc. (T&P).

The owners of the PPU include Norfolk Southern Corp., Union Pacific Railroad Co. and Canadian National Railway Co. The PPU currently operates over approximately 20 miles in the counties of Tazewell and Peoria, IL and provides switching service for eight railroads, including four Class I's and four short lines. G&W predicts that the T&P will contribute approximately \$10 million in annual revenue.

The deal, which is awaiting regulatory approval, has been approved by the boards of both companies and G&W expects to begin operation by the fourth quarter of 2004.

G&W also announced that its subsidiary, Golden Isles Terminal Railroad, Inc., bought the Savannah Wharf Branch line from CSX Transportation, Inc. The transaction includes 6.5 miles of track, related assets and a 20-year lease of real estate along the Savannah, GA rail line. The Savannah Wharf Branch is expected to switch approximately 4,500 cars annually.

SHORT LINE DATA SYSTEMS ANNOUNCES RELEASE OF TWO NEW PRODUCTS

Short Line Data Systems Inc. (www.sdsrocs.com) is proud to announce the release of the latest version of their Rail Operations and Customer Service (ROCS) system, and a new product, *ROCSMobile*, which is designed for use by train crews in the field.

The new version of the original ROCS system now includes Car Hire Data Exchange message transmission, revised work orders, scheduled communication and tracing capability, improved hazmat billing, and a new, more secure architecture. As with the earlier versions of ROCS, all required events for AAR compliance are automatically generated and transmitted in near real time.

ROCSMobile moves the event entry and information capability of the original ROCS system out into the field with your operating crews. Designed to operate on a Tablet or Notebook PC, data can be exchanged wirelessly with the main office (if service is available), or events can be transmitted in real time.

For information about ROCS system or *ROCSMobile*, please contact SDS at (973) 898-1346 or sfriedland@sdsrocs.com.

RMI LAUNCHES RAILCONNECT INDEX

RMI, the largest independent provider of rail information services to the transportation industry, announced the introduction of RailConnect Index, the rail industry's first independent and reliable source of short line traffic statistics. Short line railroads represent approximately 29 percent of all route mileage and account for 9 percent of all freight revenue in the American railroad industry.

"Many of today's leading short line railroads and rail shippers turn to RMI for our expertise and in-depth knowledge of rail operations," said Peter Kleifgen, Chairman. "With the introduction of the RailConnect Index, we are proud to take this information sourcing to a new level and make it available to the industry as a means of analyzing traffic trends in the industry."

RMI collects and aggregates the data for the Index through the company's RailConnect suite of services. The RailConnect applications enable more than 400 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 five million carloads annually for railroads, rail shippers and railcar leasing companies.

The RailConnect Index consists of data from approximately 40 percent of all US short line and regional railroads and represents 50 percent of all short line carloads. The Index includes traffic summaries of 13 commodity groups that are most utilized by the shipping community including chemicals, coal, intermodal, grain, metals, motor vehicles, aggregates, and paper products. This type of comprehensive data about short line rail traffic is not readily available from any other source and will provide valuable insight into shipping trends.

The RailConnect Index is available weekly for distribution and publication to industry analysts and trades. The Index will also be available to RailConnect customers free of charge.

RAILROAD TRAFFIC

According to the AAR, U.S. carloads were up 1.0 percent in the week ending August 28, 2004. For the year to date, carloadings are up 3.3 percent compared to 2003. Carloads for U.S. Non-Class I's that submit data to the AAR were up 1.6 percent for the week, and are down 0.1 percent for the year. Carloads for Week 34 were up 2.3 percent in the East and down 0.1 percent in the West compared to the same week in 2003. U.S. intermodal traffic was up 11.4 percent for the week and is up 9.5 percent for the year. U.S. and Canadian intermodal traffic was up 9.0 percent for the week and is up 7.8 percent for the year. Total volume was up 1.9 percent for the week and is up 4.5 percent through the 34th week of 2004.

For just the week ending August 21, 2004, U.S. carloads were up 0.9 percent and carloads for U.S. Non-Class I railroads that submit data to the AAR were up 2.4 percent. Carloads were up 0.8 percent in the East and up 1.0 percent in the West. U.S. intermodal traffic was up 9.5 percent for the week and U.S. and Canadian intermodal traffic was up 8.0 percent from the prior year.

EMBARGO NOTICES & REROUTE ORDERS

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

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