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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 73

NUMBER 3

FEBRUARY 6, 2006

Upcoming 2006 Events

(Click on the meeting
name for more
information)

Drug &
Alcohol/Engineering
Certification Seminars
Feb.-March, 2006
Atlanta, GA
Reno, NV
Philadelphia, PA

Railroad Day on
Capitol Hill
March 8, 2006
Grand Hyatt
Washington, DC

2006 Annual
Convention
April 23-25
World Center
Marriott
Orlando, FL

Deadlines

Railway Age Short
Line/Regional
Railroad of the Year
Competition
Feb. 24, 2006

ASLRRA Susan
Murray Scholarship
March 1, 2006

ASLRRA Marketing
Awards
March 17, 2006

ASLRRA Safety
Person of the Year
March 24, 2006

Questions? Comments?
E-Mail Us.

Currently, Railroad
Security Alert Level
2 is in Effect

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ASLRRR MARKETING AWARDS WANT YOU!

The American Short Line and Regional Railroad Association would like to remind all railroad members that it is currently accepting entries for the Eleventh Annual Marketing Awards Competition. From among the received applications, a panel of three distinguished judges will select three top marketing initiatives. Each winning entrant will receive an engraved plaque at the Annual Convention in Orlando, Florida in April.

The Marketing Awards Competition is open to all member railroads. Eligibility and outcome will be unaffected by the size of a competing railroad's project or operations. In particular, companies that have developed websites to promote their business or to enhance customer service should consider entering. Short line and regional railroads have some of the most innovative and successful marketing initiatives in today's railroad industry. ASLRRR's Marketing Awards Competition is a prime opportunity to demonstrate to your peers and to present and potential customers how the small railroad industry gets the job done.

All entries must be mailed **in triplicate** and received by ASLRRR **before March 17, 2006**. Please send submissions to the following address:

American Short Line and Regional Railroad Association
ATTN: Jenny McKinney, Marketing Manager
50 F Street, NW, Suite 7020
Washington, DC 20001

For more information on the ASLRRR Marketing Awards, please download our [brochure](#).

Feel free to contact Jenny with any questions or requests for additional information by phone at 202.585.3449 or by email at jmckinney@aslrra.org.

AIR SAFETY REPORT MISLEADING

A recent environmental report incorrectly labels locomotives among the largest sources of pollution in the United States. Please click [here](#) to read the entire release from the Association of American Railroads.

RAIL SAFETY ACTION PLAN TO TARGET HOT SPOTS

A new program to deploy federal railroad inspectors to safety hot spots will begin early this year, Secretary of Transportation Norman Y. Mineta announced today during an update on his Department's National Rail Safety Action Plan.

He said the plan "is helping to improve the business of safety in America, at just the right time," adding it "ensures our rail network and our economic growth can continue to move forward at a robust and record-breaking pace."

Mineta said the Department expects to start by March a new inspection program that will use accident data to identify rail safety problems for specific railroads and states. The inspection plan will allow federal inspectors to focus their efforts where safety issues are most likely to arise so they can be corrected before a serious train accident occurs, Mineta added.

Over the coming months, the Department also will deploy two new track inspection vehicles, tripling the number of miles of track inspected each year; propose a new federal rule to address common human errors that lead to train accidents such as improperly lined switches; and undertake research into train operator fatigue, near misses, and the strength of hazardous materials tank cars, he noted.

Mineta unveiled the plan in May 2005, which lays out an aggressive agenda to target the most frequent, highest risk causes of train accidents; better utilize federal rail inspection resources; and accelerate research efforts. He noted that several components of the plan, including pilot projects to test technology to identify small cracks in rail joints, monitor switch positions in “dark” territory, and provide timely hazardous materials information to emergency responders already in place. The Secretary added that stronger partnerships between the federal, state and local governments are now in place to help prevent collisions at highway-rail grade crossings.

“We have made solid progress on the plan in just nine months,” said Mineta, adding that the Department was “on track to build on this solid safety progress in 2006.”

The National Rail Safety Action Plan can be found at www.fra.dot.gov.

ASLRRRA, FRA ANNOUNCE UPCOMING SEMINARS

The ASLRRRA, in conjunction with the FRA, is pleased to announce its upcoming series of seminars on Drug and Alcohol and Engineer Certification. Three seminars will be held at strategically centralized locations around the United States to provide members with the opportunity to gain valuable training and certification.

The dates for Drug & Alcohol Training/Engineer Certification are as follows:

- February 22-23- [Atlanta, Georgia](#)
- March 1-2- [Reno, Nevada](#)
- March 15-16- [Philadelphia, Pennsylvania](#)

Drug and Alcohol Training will be on the first day and Engineer Certification on the second day.

For registration forms and other information, click on the location name above.

SOUTHERN REGION CHOOSES RECK

The ASLRRRA's Southern Region Board of Directors is happy to announce that Anthony V. Reck, President & CEO of Paducah & Louisville Railway has been elected to fill the unexpired board term of Don Connor of Genesee & Wyoming, Inc. Tony previously served as an ASLRRRA Board Member from 1991 to 1995, and his new position on the board will continue through the Fall of 2007. Don Connor was elected to the ASLRRRA's Executive Committee last November to fill the At-Large Holding Company seat on the Board of Directors. On announcing the election, Southern Region Vice President and ASLRRRA Chairman, Roger D. Bell, said, "The vote was unanimous and I know Tony will appreciate the opportunity to again offer service to our Association."

IOWA INTERSTATE RAILROAD EXPANDS

Dennis H. Miller, President and CEO of the Iowa Interstate Railroad, Ltd. (IAIS), announced the lease of 32 miles of contiguous railroad from CSX Transportation between Utica and Henry Illinois near Peoria.

“This transaction helps IAIS to have better control over its mainline operations to Chicago and also to Peoria,” Miller commented. “It will also allow IAIS to directly serve several major customers in the area, namely POLYONE Corp., Noveon, United Suppliers, and Lone Star Cement. Communities involved are LaSalle, Peru, Depue, Putnam, and Henry. IAIS assumed control on Saturday with a smooth transition.

Founded in 1984, IAIS is a regional carrier operating over 500 miles between Omaha, Nebraska, and Chicago, Illinois, on the former Chicago, Rock Island and Pacific mainline with connection to all major Class 1 carriers. For more information about IAIS, please visit www.IAISRR.com.

IAIS is a subsidiary of Railroad Development Corporation (RDC) a privately held Pittsburgh-based railway management and Investment Company, focusing on “Emerging Corridors in Emerging Markets.” For more information about RDC and its joint ventures in the USA, Argentina, Guatemala, Peru, Estonia, Mozambique and Malawi, please visit www.RRDC.com.

GRAIN ELEVATOR OPERATORS TALK WITH RAIL EXECUTIVES

Grain elevator managers and board members heard directly from railroad officials – as they usually do – at the North Dakota Grain Dealers annual meeting in Fargo, North Dakota. But as though in some kind of poker game, they didn’t hear public information on some of their most persistent questions.

Brett Porter, senior manager for wheat marketing at BNSF Railway based in Fort Worth, Texas, discussed improvements the railroad company is instituting, but often declined to speak publicly about rail rate policies and other matters.

“I can’t address that in a public forum,” Porter said, in an oft-repeated response about rail rates. Porter invited elevator officials to speak with him one on one.

Similarly, James Clements, director of grain for Canadian Pacific Railway, says he couldn’t discuss some of the same questions, citing anti-trust laws. There were other reasons not to comment on dicey, financial issues.

Surcharge Rates

In 2005, the Grain Dealers challenged BNSF’s fuel surcharge rates that led to a mileage-based surcharge rate in January. For his company, Clement says the CP Railway believes its fuel surcharges currently are not excessive and no policy changes are anticipated.

Otherwise, Porter paints a picture of increased competition for grain movements within the transportation industry. He raised some eyebrows while noting that grain loadings represent only 9 percent of BNSF’s loadings for his company. While the development has been controversial, the construction has been dramatic. North Dakota now has 22 shuttles on BNSF – the largest number in any state – in part because of the shift toward higher-volume crops such as corn and soybeans and away from small grains. Porter notes that 90 percent of those shuttle shippers are owned by local producers with local boards.

Meanwhile, Porter says the competition for transportation is stiff and getting stiffer. The company’s northern corridor from Chicago to Seattle is seeing double-digit increases in business activity. Two-thirds of the traffic on the line is consumer products. He says intermodal is becoming more profitable, relative to grain shipments, which means the company needs to continue to make investments in efficiency on the agricultural side.

“You look at what we’re competing with for valuable resources – consumer goods are five million cars, growing at 10 percent per year; industrial products, 16 percent. Every single business has record growth, record demand for transportation,” he says.

Volume

He reports a six percent increase in grain shipment volumes for BNSF in North Dakota in 2005. At the same time, the railroad paid \$1.5 million in demurrage in 2005, down from \$15 million in demurrage for late loading in 2004, meaning the shipments have been more efficient. On the investment picture, he says BNSF added 350 locomotives in 2005, at \$1.8 million each. In the past two years in North Dakota, BNSF has hired 240 people, which is more than they hired system wide in 2000. Porter said there is continued grain investment by shippers in North Dakota, but stated “[w]e also need a political climate, to support continued investment in ag by BNSF.”

Clements, outgoing director of grain for Canadian Pacific Railway, says his company is improving in the interaction between the “full” side and “empty” side of grain car management. The covered hopper fleet movement was seven percent faster through the third quarter of 2005 than for 2004. He says the fleet is up to 8,800 cars, about 1,000 more cars than two years ago.

In 2006, Clements says the company introduced a “dedicated power” car, which is similar to BNSF’s shuttle trains. He says CP will increase this program, especially toward the Pacific Northwest. He says the railroad plans to send 60 trains per month to Pacific Northwest ports in 2006, up from 30 in 2004. Clements says CP will put 500 new covered hopper cars into service this year, as well as increasing capacities of some cars to 286,000 pounds. He expects to see a capacity shortfall in general in the rail industry.

“Rail capacity is going to remain tight. When you get into harvest, it’s also the same time that intermodal wants to move for ‘X-boxes’ under people’s Christmas trees,” Clements says, even as railroads are trying to drive efficiencies.

Another rail

Andy Thompson is senior vice president and general manager of Red River Valley & Western Railroad of Breckenridge, Minnesota. The railroad started in 1987 over 517 miles of former BNSF tracks in southeast and central North Dakota. The RRV&W handles an average 45,000 carloads a year, which is twice as many as initially.

Since 1999, six 110-car shuttle trains have located on RRV&W tracks, Thompson says. “We look with a great deal of interest – in quite frankly with some degree of anxiety – as to how the competition for available corn is going to play out in our service area.” He sees a bright future for short line railroads, as the Class I spin off some of their lighter-density lines to “concentrate on the main core and high-density main-line rails.”

Gregg Haug is president of Northern Plains Railroad in Fordville, North Dakota. That railroad connects with both the Canadian Pacific and BNSF. Since 1996, the railroad has operated on more than 377 miles according to lease agreements. The railroad started with fewer than 20 employees and now employs more than 40. “The shuttle train may be the most efficient way for BNSF and CPR to handle business, but it’s not necessarily for regional carriers,” he says. His railroad has had to spend money and beef up power to handle bigger trains they could have handled more efficiently without the shuttles.

MONTANA RAIL LINK INTRODUCES NEW LOCOMOTIVES

At \$1.9 million a pop, Montana Rail Link did not rush into its purchase of 16 new diesel locomotives. “If you’re going to invest that kind of money, you do a lot of research,” said Thomas J. Walsh, president of the railroad. The majority of the 172 locomotives in Rail Link’s fleet are leased to other railroads, but it’s been able to reduce the number it uses on its own lines from 70 to 58.

Two of the 4,300-horsepower, 428,000-pound locomotives can do the work it took three of Rail Link’s older engines in order pull a train hauling gas uphill. “It used to take eight of our vintage engines to help a grain train over the mountains to Helena, but we can do it with four now,” Walsh said.

And they do it with better fuel efficiency, fewer emissions, lower repair and maintenance costs and a host of other features – “like air conditioning,” engineer Allan Tims said. Tims, who hauls gas between Missoula and Thompson Falls, Walsh and chief mechanical officer Claude Van Winkle showed off one of the new locomotives, No. 4312, on January 20.

Manufactured in London, Ontario, by Electro-Motive Diesel, the locomotives have computers that monitor every aspect of their operation and provide the engineer with all sorts of information. “The locomotive is designed to protect itself, and help these guys operate it in an efficient manner,” Van Winkle said. The engines have steerable wheels that rotate with the curve of the track, lengthening the life of both the rails and the wheels. They feature an automatic engine stop/start system. It monitors the locomotive during idle operation and will safely stop and restart the diesel engine to conserve fuel and reduce exhaust emissions and noise.

And they can hold 5,000 gallons of fuel, versus the 4,000-gallon tanks on the locomotives they are replacing. “Our research showed that the fuel efficiency with these is 20 percent better,” Walsh said. “When we were looking at it, diesel was \$1 a gallon. Now, it’s over \$2, so the savings are significant.” Rail Link estimates it saves 1,000 gallons of fuel every time it hauls a 14,000-ton load of coal or grain over the mountains outside Helena.

The lower emissions were also attractive, Walsh said. “When we researched whether we wanted to do this, we looked at how it would affect our employees, our customers and the communities we serve.” Previously, Rail Link’s locomotives ranged in age from 32 to 51 years old – 1954 to 1973 models.

To Walsh’s knowledge, it’s the first time a small railroad like Rail Link has purchased new, instead of used, locomotives. “Our other locomotives were worth probably \$400,000 at the most, down to \$50,000,” he said. “To invest \$1.9 million apiece on 16 new ones says Montana Rail Link is here, and here to stay. It’s a commitment to our customers, our employees, and our communities.”

Rail Link, begun 18 years ago and headquartered in Missoula, employs between 900 and 1,000 people in Montana. The average wage is \$44,000, and 8 percent of the company’s profits - \$4 million to \$5 million annually – are shared with employees.

RMI RAILCONNECT INDEX OF SHORT LINE TRAFFIC

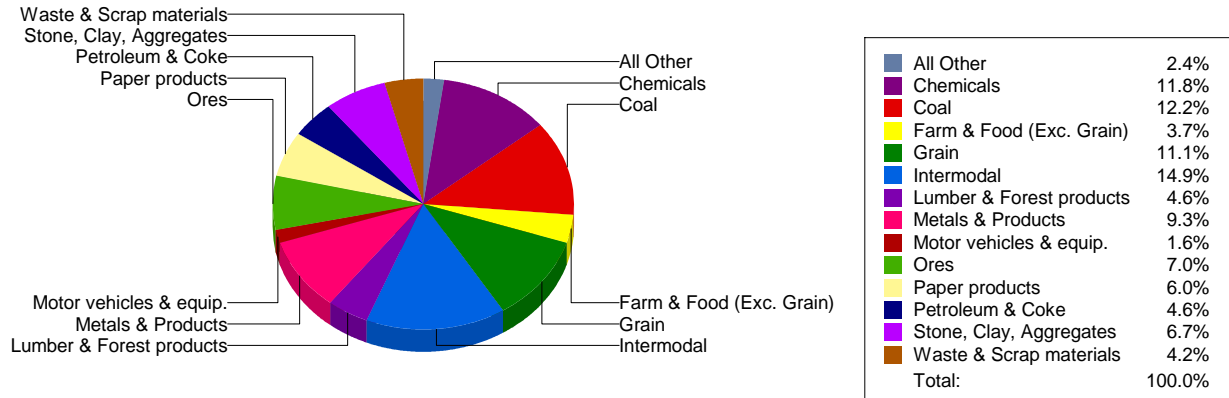
For the week ending: 1/14/2006

Number of Railroads: 212

	Current Week			Year-To-Date		
	2006	2005	% Change	2006	2005	% Change
Carloads Handled						
Coal	12,914	14,883	-13.23%	27,570	29,031	-5.03%
Grain	13,691	10,504	30.34%	25,273	22,003	14.86%
Farm & Food (Exc. Grain)	4,285	3,439	24.60%	8,391	7,354	14.10%
Ores	8,227	8,104	1.52%	15,872	17,209	-7.77%
Stone, Clay, Aggregates	7,738	6,558	17.99%	15,105	12,994	16.25%
Lumber & Forest Products	5,522	4,970	11.11%	10,430	9,949	4.83%
Paper Products	6,666	6,440	3.51%	13,659	13,181	3.63%
Waste & Scrap Materials	5,220	4,950	5.45%	9,510	9,636	-1.31%
Chemicals	13,721	13,100	4.74%	26,760	27,491	-2.66%
Petroleum & Coke	5,015	4,412	13.67%	10,360	9,096	13.90%
Metals & Products	10,896	10,957	-0.56%	21,174	20,970	0.97%
Motor Vehicles & Equipment	1,815	1,638	10.81%	3,538	2,978	18.80%
Intermodal	17,121	15,687	9.14%	33,869	30,271	11.89%
All Other	2,777	2,822	-1.59%	5,343	5,393	-0.93%
Total	115,608	108,464	6.59%	226,854	217,556	4.27%

RailConnect Index

Year-To-Date



RAILROAD TRAFFIC

According to the AAR, U.S. carloads were up 5.0 percent in the week ending January 28 2006, with 337,097 cars originated, compared to 321,192 cars originated in 2005. Carloads for U.S. Non-Class I's that submit data to the AAR were down 3.2 percent for the week and are down 15.7 percent for the year to date. U.S. intermodal traffic was up 6.6 percent for the week and is up 6.1 percent for the year to date. U.S. and Canadian intermodal traffic is up 6.1 percent for the year. Total volume is up 5.9 percent for the year, with an estimated total of 129.4 billion ton-miles.

For just the week ending January 21, 2005, U.S. carloads were up 8.4 percent and carloads for U.S. Non-Class I's that submit data to the AAR were down 10.9 percent. Carloads were up 7.0 percent in the East and up 9.5 percent in the West. U.S. intermodal traffic was up 11.9 percent for the week.

EMBARGO NOTICES & REROUTE ORDERS

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

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