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American Short Line and
Regional Railroad Association's

VIEWS & NEWS



VOLUME 79

NUMBER 1

January 20, 2010

Upcoming Events

Railroad Day on
Capitol Hill &
Legislative Dinner
February 25, 2010
Washington, DC

CSX Short Line
Workshop
March 7-9, 2010
Saint Augustine, FL

ASLRRA Annual
Convention
May 1-4, 2010
Hilton Bonnet Creek
Orlando, FL

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HAPPY NEW YEAR FROM ASLRRRA

Happy New Year! The staff of the American Short Line and Regional Railroad Association wishes you a safe and happy 2010 and looks forward to working with you throughout the year. Be sure to visit www.aslrra.org for information on meetings, short line news, and other rail related information throughout the year.

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ASLRRRA WELCOMES MORE NEW MEMBERS

We are pleased to welcome the following new Associate members:

Conrad Forest Company: Conrad Forest Company is a major producer of pressure treated wood products. Their products include crossties, switch ties, piling, timbers, lumber and more. The company specializes in large timbers and high quality lumber and beams. Conrad Forest Company is located at 68765 Wildwood Drive, North Bend, OR 97459 and their main number is (541) 756-2595. Their website is www.conradfp.com and their fax number is (541) 756-0131. Please contact VP of Operations Darrell Smith at drs@conradfp.com.

Drake-Williams Steel, Inc.: Drake-Williams Steel, Inc. (DWS) offers a full range of steel fabrication services and has locations in Nebraska, Iowa and Colorado. Their range of high quality products includes fasteners, ladders, guard rails, bolsters, beam spans and much more. DWS is located at 12909 F Plaza, Omaha, NE 68137 and their main number is (402) 342-1043. Their website is www.dwsteel.com and their fax number is (402) 341-0387. Please contact Business Development Representative Chad Conaway at cconaway@dwsteel.com.

Electric Motor Services, Inc.: Electric Motor Services, Inc. specializes in the repair of electrical rotating equipment. The company is located at 6350 Indianapolis Blvd., Hammond, IN 46320, their main number is (219) 931-2850 and their fax number is (219) 931-2840. Please contact Account Manager Cathy Penna at cpenna@elecmotors.net.

Flynn & Wirkus P.C.: Flynn & Wirkus P.C. is devoted almost exclusively to civil litigation with an emphasis on the representation of railroads and a focus on the defense of FELA and other personal injury claims (including trespasser and child trespasser accidents, injuries arising from intermodal operations, grade crossing accident litigation and construction site accidents), as well as a variety of business and commercial litigation. Flynn & Wirkus PC is located at 400 Crown Colony Drive, Suite 200, PO Box 699242, Quincy, MA 02269 and their main number is (617) 773-5500. Their website is www.flynnwirkus.com and their fax number is (617) 773-5510. Please contact Partner Michael Flynn at mflynn@flynnwirkus.com.

Julian A. McDermott Corporation: Julian A. McDermott Corporation manufactures switchman's lanterns, blue lights, third rail alarm boxes and a variety of solar power and safety oriented products for use in a railroad application. Julian A. McDermott is located at 1639 Stephen Street, Ridgewood, NY 11385 and their main number is (718) 456-3606. Their website is www.mcdermottlight.com and their fax number is (718) 381-0229. Please contact Sales Manager John Boc at jboc@mcdermottlight.com.

Leonard, Street & Deinard: Leonard, Street & Deinard is a Minneapolis-based law firm with a national Transportation Law practice group. The firm represents their clients in regulatory compliance counseling; day-to-day operational issues; specialized issues, such as transportation of hazardous materials; and many other issues in the transportation industry. Leonard, Street & Deinard is located at 150 South 5th Street, Suite 2300, Minneapolis, MN 55402 and their main number is (612) 335-1500. Their website is www.leonard.com and the fax number is (612) 335-1657. Please contact Shareholder and Co-chair of Transportation Law Practice Group Tracey Holmes Donesky at tracey.doneskey@leonard.com.

SAFT: SAFT manufactures nickel cadmium batteries for signals and communication, crossings, power substations, switch machines and telecommunications. SAFT is located at 109 Beaver Court, Suite 200, Cockeysville, MD 21030 and their main number is (229) 245-3080. Their website is www.saftbatteries.com and their fax number is (410) 329-9802. Please contact Director of Public Transport Sales Carl Wikse at carl.wikse@saftbatteries.com.

Are you aware of a company with different products or services than your own and interested in heightening their visibility to short line and regional railroads? Then let Cheryl Huyck know, so that she may acquaint them with the many benefits of becoming an ASLRRRA associate member. Email Cheryl at chuyck@aslrria.org or phone her at (202) 585-3431.

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RAILROAD DAY ON CAPITOL HILL COMING FEBRUARY 25

Anticipation is building for this year's Railroad Day on Capitol Hill in Washington, D.C. Scheduled for Thursday, February 25 and to be held at the Grand Hyatt Washington Hotel, Railroad Day brings together representatives from throughout the rail industry to meet with other industry leaders and Congressional representatives to discuss the pressing issues faced by our nation's railroads. Seeing and conversing firsthand with those who run, supply and otherwise support our railroads greatly impresses upon these officials and their staff the importance of our industry to the national transportation system, and to the national economy. A successful and well-attended Railroad Day builds the foundation of support needed to preserve the Short Line Tax Credit, deter opportunistic re-regulation, and help bring about a fairer and more balanced means of transportation infrastructure funding.

Railroad Day is comprehensive. Following a detailed early morning briefing of "whats, hows and whys," attendees will be off to their scheduled congressional visits. As evening approaches, ASLRRRA will host a legislative reception and dinner, where they will have the chance to meet hundreds of representatives from throughout our industry, as well as from Congress, federal, state and local agencies. Everything is put in motion to ensure that participants have a great and fruitful day in DC – even free farecards to use Washington's world-famous subway to reach Capitol Hill offices are included!

Who should attend Railroad Day? Attendance is open to all Class I, II, and III railroad personnel, shippers, state and local government representatives, as well as members from the supplier community with an interest in furthering the political goals of the railroad industry.

Registration for Railroad Day is **FREE**, but it does not include the Thursday evening reception or the dinner. Registration for the Annual Legislative Reception and Dinner is \$225 and helps us to pay for all of our special dinner guests. Please register as early as possible (and no later than February 12) so we can schedule you on hill visits and have your name badge and registration materials ready for you when you arrive at the desk.

The staff of ASLRRRA and its allied organization, Chambers, Conlon & Hartwell, make it easy for you to attend Railroad Day, including scheduling your congressional appointments, getting you registered, and helping you find a place to stay. For starters, link to the Railroad Day section of the ASLRRRA website at http://www.aslrria.org/meetings_seminars/Railroad_Day_on_Capitol_Hill/.

- To set up appropriate congressional appointments, contact CC&H's Jeff Van Schaick at jeff.vanschaick@cch-llc.com or (202)715-2915; be sure to tell Jeff if there are specific congressmen or states that you want to be scheduled with.
- For registration and accommodation assistance, contact ASLRRRA's Kathy Cassidy at kcassidy@aslrria.org or (202)585-3443.
- Our hotel room block at the Grand Hyatt is sold out and we are researching nearby hotels to find additional rooms at a comparable room rate.
- To increase your prominence among those attending, excellent sponsorship opportunities have been established – and some still remain available at this writing. To secure one, contact ASLRRRA's Jenny McKinney at jmckinney@aslrria.org or (202) 585-3449.

Let's see to it that every ASLRRA member company sends at least one representative –hopefully even more! – to this vital railroad industry event.

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CONVENTION UPDATE: BOOTHS SELLING OUT FAST!

Green Company Spotlight New For 2010

The following from ASLRRA work partner Kathy Keeney concerns 2010 convention booth sales:

The 2010 ASLRRA Annual Convention is shaping up to be another sellout. Booth sales have been brisk, with about **15** booths still remaining. The new Green Aisle of the Exhibit Hall has been very popular and has sold out. The Green Aisle and Green Theater spotlight companies that provide environmentally friendly products and services to the railroad industry.

The exhibit space is one big ballroom that is perfectly suited to accommodate the increasing size of the ASLRRA exhibition with numerous food & beverage and seating areas and prime booth locations. The rate remains \$1,850 per booth for 2010. Exhibit sales are only open to ASLRRA member companies. If your company is not an ASLRRA member but is interested in exhibiting, please contact Cheryl Huyck at 202-585-3431 or chuyck@aslrra.org for membership information or you can learn more about membership and/or download an application, by clicking here: http://www.aslrra.org/our_members/how_to_join/index.cfm

For more information on booths, please contact Kathy Rogers (kr Rogers@ubmglobaltrade.com) or Kathy Keeney (kkeeney@ubmglobaltrade.com) of *The Pocket List of Railroad Officials* and UBM Global Trade, ASLRRA's exhibit partners.

The 2010 ASLRRA Annual Convention is being held May 1-4, at the brand-new Hilton Bonnet Creek in Orlando, FL. Convention registration and hotel reservation information will be posted later this month.

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FINAL RULES ISSUED ON PTC, LOCOMOTIVE ENGINEER QUALIFICATIONS

Last week, the Federal Railroad Administration issued its final rule concerning the application of Positive Train Control (PTC) technology on U.S. railroads. The FRA had issued a preliminary PTC rule last July for public comment. The FRA rulemaking process was initiated pursuant to the passage of the Railway Safety Improvement Act of 2008, which called for the application of PTC as further defined by regulations arising from the rulemaking process.

The final rule remains basically unchanged from the preliminary rule. It requires PTC on:

- **All lines over which regularly scheduled intercity and commuter trains are operated (yard and terminal trackage excluded); in certain circumstances, a main track exception to PTC installation may be applied for.**
- **Class I railroad main lines carrying 5 million gross tons or more annually and carrying PIH (poison-by-inhalation traffic).**
- **Other lines as may be designated by order of the U.S. Secretary of Transportation.**

The final rule also provides for the following exceptions for Class II and III railroads, such that trains of those railroads may be operated over PTC-installed lines as follows:

- **Up to four origin-destination train movements daily, and for trip distances of up to 20 miles, without PTC-equipped locomotives**
- **Until December 31, 2020, permitted on PTC-installed lines 20 or more miles without PTC-equipped locomotives; after December 31, 2020, must have PTC-equipped locomotives to operate on PTC-installed lines more than 20 miles**
- **If a PTC-installed line has a maximum track speed of less than 40mph and is crossed at diamond by a non-PTC-installed line, trains crossing on the non-PTC-installed line must operate at speeds of 20mph or less**
- **If a PTC-installed line has a maximum track speed of 40mph or more and is crossed at diamond by a non-PTC-installed line, the crossing must be equipped with split-rail derails and signaled at the expense of the railroad owning the PTC-installed line**

PTC-equipped locomotives must provide PTC information displays for all employees seated in the locomotive cab. Railroad required to install PTC must submit their installation plans to the FRA by April 16, 2010. PTC systems must be installed no later than December 31, 2015.

The final rule may be viewed in its entirety by linking to [http://www.fra.dot.gov/downloads/safety/PTC_Final_Rule_20100112_\(FedReg\)_final.pdf](http://www.fra.dot.gov/downloads/safety/PTC_Final_Rule_20100112_(FedReg)_final.pdf).

* * *

Also, late last month, the FRA issued a final rule of “miscellaneous revisions” related to qualifications and certification of locomotive engineers. The FRA states that they are making these changes to “address the unanticipated consequences arising from reclassifications; clarify the grounds upon which a railroad may revoke a locomotive engineer’s certifications; and make the regulation consistent with other FRA regulations and guidance. In particular, this rule: prohibits a railroad from reclassifying a person’s locomotive engineer certificate to that of a more restrictive class during the period in which the certificate is otherwise valid while permitting the railroad to place restrictions on the locomotive engineer, if appropriate; clarifies that revocation of an engineer’s certificate may only occur for the reasons specified in the regulation; requires each railroad to identify the actions it will take in the event that a person fails a skills performance test or the railroad finds deficiencies with an engineer’s performance during an operational monitoring observation or unannounced compliance test; requires each railroad to describe the scoring system used by the railroad during performance skills tests, operational monitoring observations and unannounced compliance tests; and makes some minor clarifying revisions to the regulation.” The effective date of this final rule is February 22, 2010.

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EMPLOYEE HOURS AND CASUALTY REPORT DUE NEXT WEEK

Stan Ellis of the Federal Railroad Administration’s Office of Safety has sent the following reminder for each railroad to file an “Annual Railroad Report Of Employee Hours and Casualties, By State” before the end of this month:

A summary of all hours worked by railroad employees, and employee casualties, during the report year must be made on Form FRA F 6180.56 and be included with the December reporting submission. Only information about railroad employees on duty, type A persons are to be recorded. A casualty includes both fatal and nonfatal conditions reported for 2009 on a Form FRA F 6180.55A. If your railroad operates in multiple states, be sure that the sum of employee hours on the Form 56 is consistent with the sum of hours reported on the Forms 55 for the year. Likewise, verify that the sum of employee on duty casualties by state on the Form 56 agrees with the sum of all employee cases reported on Form 55A by state.

When recording the number of establishments use the following definition. An establishment is a single physical location where employees report to work, where railroad business is conducted, or where services or operations are performed. Examples are: a division office, general office, repair or maintenance facility, major switching yard or terminal. For employees who are engaged in dispersed operations, such as signal or track maintenance employees, an "establishment" is typically a location where work assignments are initially made and oversight responsibility exists, e.g., the establishment where the signal supervisor or roadmaster is located.

Please note that ASLRRA's Safety Awards, including Jake Awards, are calculated from the data compiled from these reports. Thus, it is important to file on time so that Association staff can determine the winning railroads.

December 2009 reports, including the Form 56 report, are required to be filed no later than January 30, 2010.

For a copy of the Form 56, click here: http://www.aslrra.org/images/news_file/FRA_Form_56.pdf

For instructions on how to complete this form, click here:

http://www.aslrra.org/images/news_file/FRA_Form_56_Instructions_For_Completion.pdf

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MINNESOTA RELEASES STATE RAIL PLAN

Minnesota's Department of Transportation (MnDOT) recently released the state's first comprehensive statewide freight and passenger rail plan. Currently in draft form, the plan will bring the state into compliance with federal mandates. Among the listed details are approximately \$100 million going to the Minnesota Prairie Line to get the railroad running at full capacity, which includes a plan for a new bridge over the Minnesota River near Morton. David Christianson of MnDOT estimated a 25-40 percent increase in rail traffic volume over the course of 20 years due to the plan, including an increase in the shipment of ethanol. The passenger rail portion of the line, which would include the construction of a line from Minneapolis to Chicago, would cost between \$2 to \$4 billion, according to Mr. Christianson.

Public meetings to discuss the draft were held last week in Mankato and a public hearing will be held on Wednesday, January 20 at the MnDOT central office in St. Paul. At this hearing, the public will be able to raise any concerns and ask questions concerning the plan and suggest changes prior to the plan becoming official. For those who cannot attend the hearing in St. Paul, regional offices will be setting up videoconference equipment so that the public can express their opinions and have them on the public record. In addition, those who cannot attend the hearing or videoconference from a regional office may make comments online at the MnDOT website (www.dot.state.mn.us). All comments must be submitted by January 29 to be part of the public record concerning the rail plan.

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TIMMONS COMMENTS ON STATE OF INDUSTRY

ASLRRA President Richard F. Timmons recently contributed to an article in Progressive Railroading Magazine to discuss the decrease in 2009 rail traffic on short lines and what future plans could help increase traffic for the industry. While traffic in 2009 maintained the recent pattern of being down about 20% year over year, Mr. Timmons said that, "short lines have put in the time to develop new business this year [2010] – they've redoubled their efforts and left no stone unturned."

One of the top priorities for short lines in the coming year, according to Mr. Timmons, is the need to comply with new and amended regulations from the Rail Safety Act of 2008, an effort which could result in bankruptcy for some railroads. Mr. Timmons equated the overhaul to "a regulatory tsunami washed across us" that will be "time consuming and expensive for short lines." One way to alleviate issues faced by the short lines would be the implementation of "some sort of railroad czar" who could help railroads understand and manage the requirements of these regulations. In addition, Mr. Timmons noted that loans and other forms of federal funding would be incredibly helpful in these efforts.

For now, Mr. Timmons notes the plans to lobby for extension of the SAFETEA-LU, which would extend tax credits for six years. But for this and all regulatory efforts, Mr. Timmons admits that it all “depends on the circumstances and who the supporters are.”

To read the full article from Progressive Railroading, visit <http://www.progressiverailroading.com/pr/article.asp?id=22104>.

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MEMBERS GET IT ALL: NARS DISCOUNTED TRAINING OFFER

Are you looking for beginner Locomotive Engineer Training for your railroad employees? Look no further than NARS/National Academy of Railroad Sciences to equip your employees with the education and training necessary to begin a career as a locomotive engineer. At the end of this two-week course, students will be proficient in:

- *Locomotive air brake tests
- *Freight car air systems
- *Basic train handling
- *Air brake tests
- *Railroad security
- *And other topics

Various training methods, including classroom learning and simulation, will be used in this course, ensuring mastery of critical skills and learning objectives. As a special incentive to ASLRRRA member railroads, NARS has offered a 15% discount on the registration fee, making the total cost of \$2,550 an exceptional value.

For more information, please contact Nicole Plute at Dawn.plute@bnsf.com or (913)319-3998. And for more information on NARS' other course offerings, be sure to check out their page on the ASLRRRA website at http://www.aslrra.org/our_members/associate_members/details.cfm?memberid=1493.

Dates for Short Line Engineer Training are:

February 1-12, 2010 **JUST 11 DAYS AWAY!! REGISTER TODAY!!**

May 3-14, 2010

August 2-13, 2010

October 4-15, 2010

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2010 ASLRRRA MARKETING AWARDS COMPETITION

Don't Forget! The American Short Line and Regional Railroad Association is currently accepting entries for its Fifteenth Annual Marketing Awards Competition. All member railroads are invited and encouraged to participate. Eligibility and outcome will not be affected by either the size of a competing railroad's project or the size of its operations.

Since it was introduced fifteen years ago, submissions to the ASLRRRA Marketing Awards Competition have increased each year. We have every reason to expect that this year will surpass all others, both in terms of the quality and quantity of entries. From among the received applications, a panel of six distinguished judges will have the difficult task of selecting three top marketing initiatives. Each winner will receive an engraved plaque at the ASLRRRA Annual Convention in Orlando, Florida.

We encourage all member railroads to participate in this competition. Short line and regional railroads have some of the most innovative and successful marketing initiatives in today's industry. ASLRRRA's Marketing Awards Competition is a prime opportunity to demonstrate this fact to your peers, while also proving to present and potential customers how effectively you operate.

All entries must be mailed and received by ASLRRA **before Friday, February 26, 2010**. Please send **six copies** of your submission to the following address:

Jenny McKinney, Director – Marketing
ASLRRA
50 F Street, NW, Suite 720
Washington, DC 20001

Feel free to contact Jenny with any questions or requests for additional information by phone at (202)585-3449 or by email at jmckinney@aslrro.org.

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EDUCATION ASSISTANCE FOR YOUNG WOMEN: MURRAY SCHOLARSHIP

As a reminder, the deadline is **February 26, 2010** for applying for the annual Susan C. Murray Memorial Women's Scholarship. The four-year college scholarship is named after Mrs. Murray – an executive at Commonwealth Business Media (now known as UBM Global Trade) who was instrumental in the creation and early success of the ASLRRA's annual exhibition – who passed away in January, 2003. The Susan C. Murray Scholarship is awarded annually to a daughter or granddaughter of a railroader who holds a strong academic record, served as a participant and leader in extracurricular activities and possesses the drive to reach success in their chosen professions.

The ASLRRA scholarship is open to daughters and granddaughters of ASLRRA Railroad and Associate Members in good standing.

Past winners are:

- Amanda Dawn Simmons, granddaughter of Tommy Joe Alexander from Jefferson Warrior Railroad
- Dina McKenney, daughter of Rob McKenney from the former Georgia & Florida RailNet
- Kathryn Medlock, daughter of Mike Medlock from Klutts Equipment
- Marion Joy, daughter of Christine Joy from Union Switch & Signal (Now Ansaldo STS USA)
- Kristin Wegner, daughter of Mark Wegner from Twin Cities & Western Railroad
- Margot Sidman, daughter of Mark Sidman from Weiner Brodsky Sidman Kider PC.

Visit the ASLRRA homepage www.aslrro.org under Hot Tracks for the application form. Please contact Kathy Keeney at kkeeney@ubmglobaltrade.com with any questions about the scholarship program.

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NRC/RT&S ANNOUNCE SAFE CONTRACTOR AWARDS

The National Railroad Construction & Maintenance Association (NRC) recently announced the results of the 2009 Safe Railroad Contractor of the Year Awards, which were presented in partnership with Rail Track & Structures Magazine and Commercial Insurance Associates. 2009 was the fifth year of this competition, which saw a total of 46 separate railroad contracting companies participating.

In an email, NRC President Chuck Baker commended participating companies “for their extensive efforts to promote and improve safety in the railroad contracting industry, and for subjecting their full safety program and range of practices to an extensive outside review.” He added, “These companies represent the very best of the NRC and the entire railroad construction and maintenance industry.”

The four category winners are as follows:

- Category I (under 30 employees): US Trackworks LLC of Wayland, Michigan, www.ustrackworks.com.
- Category II (31-99 employees): Delta Railroad Construction of Ashtabula, Ohio, www.deltarr.com
- Category III (100-300 employees): Mass electric Construction/MECRail of Irving, Texas, www.masselec.com
- Category IV (300+ employees): Loram Maintenance of Way of Hamel, Minnesota, www.loram.com

The judges of the competition were David Armstrong of Commercial Insurance Associates, Joe Ivanyo of CSX, Tom Judge of Railway Track & Structures Magazine, and Charlie Ridgeway of the Belt Railway of Chicago. Complete contest results are available on the NRC website at www.nrcma.org.

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SWITCH SETTLEMENT INPUT SOLICITED

Kellie Sisler of Watco Companies, who along with Debbie Ghioto of RailAmerica represents short line and regional railroad interests to the industry Interline Revenue Management and Revenue Pipeline Committees, is asking for input related to a new industry effort to improve the processing of switch settlement. Her letter follows:

On September 8, 2009, a task force commissioned by the Revenue Pipeline Committee (RPC) held the first in a series of meetings concerning various formats used in submitting data to the Switch Settlement Data Exchange (SSDX). The ultimate goal of these discussions is to consider improvements that will allow all rail carriers to exchange interline switching settlement charges electronically.

This group, formally known as the Switching Settlement Technical Advisory Group (SSTAG), has now held a series of six conference calls, which have identified the following short-term and long-term initiatives and barriers:

Short-term: Define where and in what format data fields for Switching Settlement Data Exchange will be captured through enhancement of the SSDX submission file layout to allow roads involved in an interline switching move to exchange billing invoices electronically via the creation of a centralized repository of switching data in a standardized format at Railinc:

- i) Automatic/direct submission from carrier's system through an electronic file transmission to Railinc
- ii) Manual Extraction from carrier's system for manual upload to Railinc via Railinc's website (similar to the implemented car hire interface on Railinc's website).

The SSTAG will present the final suggestions for enhancing Railinc's SSDX submission file layout (and any related changes to the output file layout) to the RPC. Upon approval, an execution plan will be created.

Long-term: After the creation of a centralized repository for interline switching data is achieved in a standardized format, these efficiencies can lead to improvements in cash flow through a feed into a clearing house for fund settlement. Additionally, an electronic settlement allows Railinc to be the central repository for all interline switching data which could be a value added step for future initiatives.

Barriers: There is no transaction charge for submitting switching data. However, charges apply to the receiving carriers. The 2010 charge has increased and this may be an issue for some shortlines. The current process for interline switch settlement is time consuming and difficult to coordinate due to lack of consistency in the data formats. Submitting roads are not as adversely affected as the receiving carriers due to the multiple data formats being submitted. In an effort to improve this process while building efficiencies that result in cash flow improvements, this initiative will continue to be discussed in 2010 with update of progress to follow.

Kellie asks that all short line and regional railroads have appropriate personnel consider this initiative and advise her of their comments, questions and concerns. She may be contacted at Kellie Sisler, VP-Revenue & Car Accounting, Watco Companies, P: (620) 235-7334, E: ksisler@watcocompanies.com.

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STB ISSUES Q1 2010 RAIL ADJUSTMENT FACTOR

The Surface Transportation Board recently published the Quarterly Rail Cost Adjustment Factor (RCAF) for the First Quarter of 2010. These factors are calculated by the STB based on statistical data furnished by the Association of American Railroads (AAR).

The STB determined that the First Quarter RCAF (unadjusted) is 1.038, an increase of 4.2 percent from the Fourth Quarter, 2009 RCAF of 0.996. the RCAF (adjusted) is 0.467, an increase of 3.8 percent from the Fourth Quarter RCAF (adjusted) of 0.450. The RCAF-5 is 0.443, an increase of 3.7 percent from the Fourth Quarter RCAF-5 of 0.427.

For further information, link to the full notice on the STB website, www.stb.dot.gov, under “Decisions & Notices” for December 18, 2009.

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INPUT SOUGHT ON NEW BOILER RULES

For those railroads that operate steam-powered excursion trains, please note that new standards are planned for the construction of new steam locomotive boilers.

Because more new steam locomotive boilers are being built, the American Society of Mechanical Engineers has asked the locomotive boiler subgroup of another professional organization, the National Board of Boiler and Pressure Vessel Inspectors, for input. That group, in turn, is seeking initial public comment about the construction of new locomotive boilers of either riveted or welded construction. The formal announcement, with contact data, follows:

A new Part for inclusion in Section I, covering construction of new steam locomotive boilers is to be considered by the Code Committee of American Society of Mechanical Engineers. ASME has asked the National Board Inspection Code Committee, Subgroup on Locomotive Boilers to begin the drafting process. The Subgroup needs your input. To initiate a first draft, prior to ASME's formal process, we need the first series of comments and suggestions by Jan 31, 2010. Comments must be exclusive to new construction of locomotive boilers, either riveted or welded (both types of construction will be treated in the new Part). Also, this mandate does not include miniature boilers as defined in ASME Boiler Code, Section I, Part PMB. Please email comments and suggestions to train@valornet.com or mail them to:

TRAIN
P. O. Box 1245
Chama, NM 87520-1245.

Once a draft is submitted formally under ASME procedures, the new Part will be published, and there will be opportunity for public comment.

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PASSING OF JAMES HARRELL, FRANK WARING

With sadness, we note the passing of James Harrell, age 57, of Lou Gehrig's Disease. Mr. Harrell worked for the former Santa Fe Railroad from 1974 to 1992 and for the former Illinois Central Railroad from 1992 to 1999, becoming the latter's Vice President of Labor Relations and Human Resources. In 1999, he started his own business, James M. Harrell and Associates of Wheaton, Illinois, which was an ASLRRA associate member company. Mr. Harrell's funeral was held on January 14. Memorials may be directed to the Wheaton Bible Church. Further information and a guest book is available online at www.hultgrenfh.com.

And with like sadness, we also note the passing of Frank Waring, age 84, of cardiac arrest. Mr. Waring started his railroad career with the Pullman Company and the Long Island Rail Road, a career patriotically interrupted for service with the U.S. Navy during World War II. Mr. Waring was later the vice president of the Eastern Shore Railroad and a founder of the Maryland & Pennsylvania Railroad, and still later held executive positions with the Maryland & Pennsylvania Railroad and the Emons Transportation Group. Mr. Waring's funeral will be held on Saturday, January 23 at 1PM at the Frampton Funeral Home in Federalsburg, Maryland, after which his cremated remains will be interred in Cokesbury Cemetery, which is close to the funeral home. In lieu of flowers, the family has requested donations in Mr. Waring's name be sent to the Brooklyn Tech Alumni Foundation, 29 Fort Greene Place, Brooklyn, NY 11217. Notes of condolence may be sent to Mrs. Judy Waring, 31888 Bonhill Drive, Salisbury, MD 21804.

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IRS DEFINES TRANSPORTATION WORKER, ISSUES NEW MILEAGE RATE

The U.S. Internal Revenue Service has asked that we publicize the following “**Reminder for Definition of Worker in Transportation Industry**,” a reminder issued by the IRS on December 16:

Revenue Procedure 2009-47 and 2009-42 Internal Revenue Bulletin 524 (and its predecessors) provide rules under which the amount of ordinary and necessary business expenses for meals and incidental expenses incurred while traveling away from home may be deemed substantiated.

In general, under Rev. Proc. 2009-47, if certain requirements are satisfied, an individual's M&IE may be deemed substantiated in an amount equal to or less than the applicable federal M&IE rate for the individual's locality of travel for each calendar day, or partial day, of travel.

Section 4.04 of Rev. Proc. 2009-47 provides special flat rates to compute the amount of M&IE deemed substantiated for individuals in the transportation industry for each calendar day, or partial day, of travel. An individual must satisfy two requirements to be considered in the transportation industry and eligible to use the special transportation industry rates in section 4.04.

These requirements are:

- 1) The individual's work is of the type that directly involves moving people or goods by airplane, barge, bus, ship, train or truck, **and**
- 2) The individual's work regularly requires travel away from home that, during any single trip away from home, usually involves travel to localities with differing federal M&IE rates.

An individual that satisfies only one of the two requirements is not in the transportation industry and may not compute the amount of M&IE deemed substantiated using the special transportation industry rates provided in section 4.04.

For example: Individual A is an employee of a railroad company and travels away from home for the employer on a route that includes only localities with a federal M&IE rate of \$46. Individual A does not work any other routes. Because Individual A does not travel between locations with different federal M&IE rates, Individual A does not qualify as an individual in the transportation industry and cannot use the special rates provided in section 4.04. However, Individual A may use the applicable federal M&IE rate (\$46) for the localities included in the route.

A copy of the above notice, including additional reference materials, is available online at:
<http://www.irs.gov/businesses/small/article/0,,id=217178,00.html>

Also, the IRS has adjusted the standard mileage rate for the new year. Effective January 1, 2010, reimbursement for business miles driven will be 50 cents per mile, down from 55 cents. The new rate is expected to remain in effect through December 31, 2010.

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MEETINGS & CONFERENCES COMING UP

ASLRRA's 2010 Regional Meetings have been scheduled! More details on each of the meetings will become available throughout the year. Check in with http://www.aslrra.org/meetings_seminars/index.cfm for more information!

September 12-14, 2010 Eastern Region Meeting: To be held at the Renaissance Baltimore Harborplace Hotel in Baltimore, MD.

October 3-5, 2010, Central Pacific Region Meeting: To be held in Kansas City, MO.

November 7-9, 2010, Southern Region Meeting: To be held in Atlanta, GA.

Other rail industry meetings:

March 2-3, 2010, 15th Annual AAR Research Review: To be held at the Pueblo Marriott Convention Center in Pueblo, Colorado. The subject of the conference is "Meeting the Industry's Technology Goals." Register online at www.regonline.com/15thannualreview.

April 22, 2010, NRC Auction: To be hosted by Balfour Beatty Rail at their Washington, PA facility. More information will be forthcoming regarding details on the auction and travel/lodging recommendations. For more information, contact Balfour Beatty's Equipment Director Mark Meyer at mmeyer@bbri.com or (904) 378-7124.

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NEW (AND CHANGING) RAILROADS

New Railroads:

The **LRY LLC:** Assigned Reporting Mark LRY and AAR Rule 260 Code 632, the railroad was scheduled to commence operations on or about January 1, 2010. It will operate approximately 103 miles of line between Perez, CA and Lakeview, OR, and interchange with the Union Pacific at Perez, CA, although the exact interchange point has not been formalized. Contact information is as follows: Mr. Paul Didelius, President, LRY LLC, 499 Railex Road, Burbank, WA 99323, (509) 540-9499, pd@lakerail.com.

The **San Francisco Bay-Mare Island:** Assigned Reporting Mark SBMR and AAR Rule 260 Code 517, the railroad was scheduled to commence operations on or about November 1, 2009. It will operate approximately 12 miles of line within Vallejo, CA and interchange with the California Northern at Flosden, within the city of Vallejo. Contact information is as follows: Mr. Jacob Park, VP, San Francisco Bay Railroad-Mare Island, 100 Cargo Way, San Francisco, CA 94124, Office: (415) 642-7177, Fax: (415) 642-7174, jacob@sfbayrail.com.

The **YCR Corporation**: Assigned Reporting Mark YCR and AAR Rule 260 Code 667, the railroad was expected to commence operations on or about December 21, 2009. It will operate approximately 22 miles of line within Yakima County, WA and interchange with the BNSF at Toppenish, WA, although the exact interchange point has not been formalized. Contact information is as follows: Mr. Paul Didelius President, LRY LLC, 499 Railex Road, Burbank, WA 99323, (509) 540-9499, pd@lakerail.com.

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MEMBERS IN THE NEWS

Alaska Railroad recently celebrated their 25 year anniversary as a state-owned railroad. Today, the citizens of Alaska own 655 miles of track, 38,000 acres of land and hundreds of rail cars... **Genesee Valley Transportation** announced the promotion of Gregory A. Cheshier to Vice-President of Operations. Mr. Cheshier began his railroad career over 35 years ago with the Erie-Lackawanna Railway in 1972... **Lancaster & Chester Railway** now owns the first industrial site in the Charlotte Regional Partnership Region to receive Megasite certification, based on the criteria of McCallum Sweeney Consulting. The Carolinas I-77 Megasite is located in Chester County, SC and consists of 1,438 acres of land to be used as a base for automotive assembly operations and other advanced manufacturing facilities... The **Laurinburg & Southern Railroad**, of Gulf & Ohio Railways, Inc., recently donated a train engine to the Museum of Scotland County to mark the 100th anniversary of the Laurinburg & Southern Railroad Company. The 600 horsepower SW-1 locomotive engine was built by General Motors Electro-Motive Division in 1948... This year marks the 45 year anniversary of rail operations for **Livonia, Avon & Lakeville Railroad** in Lakeville, NY. After an initial struggle to operate the line, a small group of local business leaders banded together and helped the railroad thrive. President Gene Blabey said, "We started with very little and built a solid, long-term enterprise that provides environmentally friendly, competitive transportation services extending well beyond the region."... January 3, 2010 marked the first coal delivery by train to Penn State University since 1959. The **Nittany & Bald Eagle Railroad** made the delivery, which had historically been done by the Bellefonte Central Railroad... **Patriot Rail Corporation** recently announced the promotion of C. Lawrence Rutstein to Vice President Contracts & Administration and Sandra Dahl to Division Controller. Mr. Rutstein has over 40 years of legal and business experience and joined Patriot Rail in 2007. Ms. Dahl is based at Patriot Rail's Utah Central Railway, which she joined in 2002 with over 20 years of experience in accounting and management positions with various transportation companies... Henry Posner III of **Railroad Development Corporation** recently contributed to an article from the Los Angeles Times discussing the increasing importance in freight rail, particularly in California. Mr. Posner commented on Warren Buffett's November purchase of Burlington Northern Santa Fe Corp., calling it "a reflection of the position of the rail industry as an important part of our national transportation infrastructure."... **Reading Blue Mountain and Northern Railroad** announced their purchase of a short line between Towanda and Monroeton, PA. The six-mile Towanda-Monroeton Shippers Lifeline Railroad Inc. will be added to the over 300 miles of railroad already operated by RBMN... the **Rio Grande Scenic** ski train, running for seven decades between Denver and Winter Park, CO will not operate this year, due to contract disputes between Amtrak and Iowa Pacific Holdings. Iowa Pacific claimed that a contract had basically been finalized with Amtrak, while Amtrak claims that no such contract was ever finalized. All customers who reserved seats on the ski train will receive refunds... To celebrate a \$9.7 million upgrade to **West Texas & Lubbock Railway**, Mayor Glen Waters of Brownfield, R.L. "Bo" Bowman of Levelland and Ovidio Martinez, Jr. of Seagraves in West Texas drove gold spikes onto a stretch of track near Raider Ranch. The upgrade will focus on more than 70 miles of rail lines and improve 20 grade crossings on the 107 mile railway.

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CLASS I RAIL TRAFFIC: FULL YEAR 2009

For the week ending January 2, 2010, U.S. rail volume grand totaled 25.5 billion ton-miles, down 1.2 percent. Also for the week, U.S. carload rail traffic was down 1.5 percent – up 6.8 percent in the East, but down 5.8 percent in the West – and U.S. intermodal rail traffic was up 1.8 percent, Canadian carload rail traffic was up 16.9 percent, Canadian intermodal rail traffic was up 7.4 percent, Mexican carload rail traffic was up 17.1 percent, and Mexican intermodal rail traffic was up 23.3 percent.

For Full Year 2009, U.S. rail volume grand totaled 1.49 trillion ton-miles, down 15.1 percent from the Full Year 2008. Also for the Full Year 2009, U.S. carload rail traffic was down 16.1 percent, U.S. intermodal rail traffic was down 14.1 percent, Canadian carload rail traffic was down 17.7 percent, Canadian intermodal rail traffic was down 14.0 percent, Mexican carload rail traffic was down 9.3 percent, and Mexican intermodal rail traffic was down 12.5 percent.

(NOTE: Canadian traffic totals include those of the U.S. operations of Canadian Pacific Railway and Canadian National.)

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RAILINC SHORT LINE TRAFFIC INDEX: FULL YEAR 2009

The Railinc Short Line Traffic Index is movement-based, totaling loaded trips originating on all non-Class I railroads for all destinations and, also, all loaded trips terminating on all non-Class I railroads from all origins. This is tallied from all railroads that have passed movement event records to Railinc, including from all third party information services providers. In some instances, Railinc is not a party to accompanying waybill information and so those unknown commodities are presented in "All Other."

The index is calculated monthly. **The below data is for January 1 through December 31, 2009.** Special thanks to Railinc's Shawn Petway for this valuable statistical information.

COMMODITY	2009 YTD ORIGS	2008 YTD ORIGS	% CHG	2009 YTD TERMS	2008 YTD TERMS	% CHG	2009 YTD TOT	2008 YTD TOT	% CHG
Chemicals	449,168	495,744	-9.4%	518,859	568,760	-8.8%	968,027	1,064,504	-9.1%
Coal	218,858	282,537	-22.5%	630,143	804,570	-21.7%	849,001	1,087,107	-21.9%
Crushed Stone, Sand, Gravel	195,356	238,189	-18.0%	142,917	155,718	-8.2%	338,273	393,907	-14.1%
Food & Kindred Products	164,210	172,283	-4.7%	147,249	153,534	-4.1%	311,459	325,817	-4.4%
Grain	310,094	358,331	-13.5%	303,528	339,365	-10.6%	613,622	697,696	-12.1%
Grain Mill Products	93,133	101,280	-8.0%	138,108	145,477	-5.1%	231,241	246,757	-6.3%
Lumber & Wood Products	77,092	121,389	-36.5%	67,627	96,967	-30.3%	144,719	218,356	-33.7%
Metallic Ores	30,598	44,310	-30.9%	91,712	124,068	-26.1%	122,310	168,378	-27.4%
Metals & Metal Products	207,252	342,424	-39.5%	124,643	242,186	-48.5%	331,895	584,610	-43.2%
Motor Vehicles & Equipment	76,100	96,212	-20.9%	85,081	117,102	-27.3%	161,181	213,314	-24.4%
Nonmetallic Minerals	25,131	35,275	-28.8%	26,799	32,136	-16.6%	51,930	67,411	-23.0%
Petroleum Products	19,295	22,907	-15.8%	23,146	28,397	-18.5%	42,441	51,304	-17.3%
Pulp, Paper & Allied Products	208,539	273,985	-23.9%	142,287	179,894	-20.9%	350,826	453,879	-22.7%
Stone, Clay & Glass Products	141,646	181,342	-21.9%	109,841	142,805	-23.1%	251,487	324,147	-22.4%
Trailer or Container	363,576	472,468	-23.0%	323,759	370,872	-12.7%	687,335	843,340	-18.5%
Waste & Scrap Materials	113,496	156,015	-27.3%	143,661	197,842	-27.4%	257,157	353,857	-27.3%
All Other Carloads	971,761	1,114,672	-12.8%	950,979	1,047,975	-9.3%	1,922,740	2,162,647	-11.1%
Total	3,665,375	4,509,363	-18.7%	3,891,603	4,655,900	-16.4%	7,556,978	9,165,263	-17.5%

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RMI RAILCONNECT SHORT LINE TRAFFIC INDEX: LAST WEEK OF 2009

The RMI Railconnect Index is waybill-based and totals shipments billed by non-Class I railroads using RMI billing products. For this report, this totals 340 such railroads. This index is calculated weekly. The **below data is as of the week ending January 2, 2010**, the 52nd and last week of 2009. Special thanks to RMI's Cheri Denton for this valuable statistical information.

	Week Ending January 2			Year-To-Date		
	2009	2008	% Change	2009	2008	% Change
CARLOADS HANDLED						
Coal	8,996	10,192	-11.73%	599,703	760,338	-21.13%
Grain	9,535	7,146	33.43%	601,088	668,185	-10.04%
Farm & Food (Exc. Grain)	3,384	2,906	16.45%	245,629	271,556	-9.55%
Ores	2,196	889	147.02%	95,722	133,029	-28.04%
Stone, Clay, Aggregates	5,544	4,893	13.30%	490,452	591,767	-17.12%
Lumber/Forest Prods.	2,227	1,685	32.17%	178,999	246,652	-27.43%
Paper Products	5,470	4,900	11.63%	288,628	375,007	-23.03%
Waste & Scrap Materials	3,570	2,801	27.45%	225,353	299,297	-24.71%
Chemicals	12,575	9,667	30.08%	735,047	837,835	-12.27%
Petroleum & Coke	3,416	3,465	-1.41%	180,596	286,080	-36.87%
Metals & Products	5,902	4,479	31.77%	288,231	521,453	-44.73%
Motor Vehicles & Equip.	435	561	-22.46%	52,358	94,272	-44.46%
Intermodal	4,364	4,610	-5.34%	326,218	618,893	-47.29%
All Other	1,328	960	38.33%	75,223	140,283	-46.38%
Total	68,942	59,154	16.55%	4,383,247	5,844,647	-25.00%

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HELPFUL LINKS

To use the Railinc Embargo & Permit System, including open & prepay station (OPSL) notes, link to <https://aarembargo.railinc.com/epdb/public.do> **Note: all embargo offers were required by Railinc to re-subscribe by December 1. If you have not yet done so, please contact ASLRRRA's Steve Sullivan at sullivan@aslrro.org as soon as possible.**

To reach the Railinc homepage, link to www.railinc.com.

To reach the ASLRRRA public website, link to www.aslrro.org. To reach its members'-only website, link to members.aslrro.org.

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BE SURE TO CHECK OUT ASLRRA HOT TRACKS!

Every Wednesday, the ASLRRA staff selects several current news stories in the short line industry to post on the Hot Tracks section of the association's website. Be sure to check out www.aslrra.org every week for the latest news on the short line and regional railroad industry!

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FORWARD YOUR PRESS RELEASES TO ASLRRA!

One of the many benefits afforded ASLRRA members is the posting of press releases in the HOT TRACKS Section on the ASLRRA web site www.aslrra.org. Please make sure to add the ASLRRA to your press release distribution list and forward them to Dave Whorton at dwhorton@aslrra.org. The press release should include a link back to the news listing on your company's website.

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