

THE CROSS-TIE

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Railroad Quick Hits

- News updates and special reports are available online at Railfanning.org.
- *The Cross-Tie* has launched an e-mail based subscription. To receive future issues of *The Cross-Tie*, drop a line to subscriptions@thecrosstie.com or log onto <http://www.thecrosstie.com/subscribe>. There is no cost to subscribe and e-mail addresses are not sold to third party vendors.
- Thirteen people were arrested in connection with the deadly March 11, 2004, Madrid train bombings, Spanish authorities announced April 1. The bombings, linked to the terrorist group al-Qaida, killed 191 people and injured more than 1,500 people. The 13 suspects were charged with planning the attacks, *The Associated Press* reported.

Inside, Page 4: BNSF Announces Fuel Surcharge Program
Inside, Page 6: CSX, NY Attorney General Reach Settlement

FRA Delays Date of Rule



Todd DeFeo | The Cross-Tie

A CSX freight train passes through a grade crossing in Hull, Ga., on March 14, 2005. The Federal Railroad Administration changed the effective date of its Interim Final Rule on the Use of Locomotive Horns at Highway-Rail Crossings to June 24, 2005.

IFR ON HORNS AT RR CROSSINGS CHANGED FROM APRIL TO JUNE

WASHINGTON — The Federal Railroad Administration in March changed the effective date of its Interim Final Rule (IFR) on the Use of Locomotive Horns at Highway-Rail Crossings from April 1, 2005 to June 24, 2005.

The action is detailed in a notice published in the March 18 Federal Register.

The extension of the

effective date for the IFR provides additional time to complete the required approval process of the Final Rule. FRA intends to publish the Final Rule this spring.

“We are keenly aware that communities nationwide are eagerly awaiting publication of the Final Rule,” said FRA Acting Administrator Robert D. Jami-

(Continued on page 2)

MINETA: NE CORRIDOR WILL BE REBUILT

BOSTON — The federal government will assume control of the network of tracks and equipment that make up Amtrak’s Northeast Corridor and rebuild them under the Bush Administration’s proposal to reform Amtrak, U.S. Secretary of Transportation Norman Y. Mineta said during a March 23 news conference with Massachusetts Governor Mitt Romney at the state House.

Mineta was in Boston to meet with Gov. Mitt Romney to discuss President Bush’s commitment to reform the nation’s passenger rail system just weeks after the Administration unveiled a budget that proposed an end to taxpayer subsidies for Amtrak.

“Amtrak is dying, and if we continue down the current track, there is no hope of recovery,” Mineta said. “We have a different vision where the Northeast Corridor becomes a world-class example of modern passenger rail travel.”

Travel throughout the Northeast, Mineta says,

(Continued on page 2)

FRA PUTS OFF IMPLEMENTATION OF HORN RULE

(Continued from page 1)

son. "We are confident that it will satisfactorily address the varied concerns and interests of communities throughout the country regarding the use of train horns at highway-rail grade crossings."

This change, the FRA contends, will give public authorities additional time to establish the necessary conditions that will permit them to preserve pre-existing whistle bans or establish new quiet zones within their respective jurisdictions.

The IFR originally published on Dec. 18, 2003, stipulated an effective date of December 18, 2004. It generated significant interest from communities across the country, requiring additional time for the FRA to fully consider approximately 1,400 comments submitted.

As a consequence, FRA published a notice on November 22, 2004, indicating that the effective date of the IFR would be changed to April 1, 2005. Today's notice supersedes the previous announcement.

The Federal Railroad Safety Authorization Act of 1994 required FRA to issue regulations that would require railroads to sound locomotive horns on approach to, and while traveling through public highway-rail grade crossings, except under specified conditions.

Extensive information about the train horn proceeding is available at www.fra.dot.gov.

— *Special to The Cross-Tie*

At Issue: Amtrak Funding

MINETA: AMTRAK REFORM WILL HELP COMPLETE MIDWEST RAIL NETWORK

DETROIT — An ambitious project to improve and expand passenger rail service throughout the Midwest would have a partner in the federal government for the first time under the Bush Administration's proposal to reform Amtrak, Transportation Secretary Norman Y. Mineta said during a March 24 news conference at the Detroit railroad station.

Mineta was in Detroit to unveil details of the Administration's Amtrak reform proposal, the Passenger Rail Investment Reform Act. The visit was part of a nationwide campaign to reaffirm President Bush's commitment to intercity passenger rail weeks after the Administration unveiled a budget that proposed an end to taxpayer subsidies for Amtrak until "desperately needed" reforms are made.

"We all know that Amtrak and intercity passenger rail

will die if it doesn't get help soon," Mineta said. "We have a different vision where a vibrant and viable passenger rail network connects Midwesterners to business and educational opportunities throughout the region."

Mineta said the Administration's plan to establish 50-50 federal matching grants for state investments in passenger rail infrastructure, like stations, trains and track, are "the key to revitalizing passenger rail travel in America."

These grants would help fund projects like the Midwest Regional Rail Initiative and give states a "powerful incentive" to invest in better tracks and more reliable equipment, making trains more popular and profitable, decreasing the need for states to pay operating subsidies, Mineta added.

The proposal, Mineta said, would "level the playing

field" between Amtrak and its competitors by freeing Amtrak of the cost of maintaining tracks and stations, allowing the company to focus on "running the trains on time."

"Our plan will breathe new life into passenger rail," Mineta said.

Not all are pleased with the government's Amtrak plans.

To bring attention to Amtrak's possible bankruptcy, Teamsters distributed fliers to Amtrak passengers in Solana Beach, Calif., on March 30.

"Bush's reform plan for Amtrak will leave the nation stranded," said John Murphy, director of the Teamster Rail Conference. "If Amtrak were to go bankrupt, thousands of rail employees across the country would lose their jobs and small communities that rely on rail transport would be cut off from metropolitan areas."

MINETA: UNDER PRESIDENT'S PLAN NORTHEAST CORRIDOR TO BE REBUILT

(Continued from page 1)

would benefit because the Amtrak reforms include plans to repair the tracks, tunnels and bridges along the Northeast Corridor.

"President Bush understands how vital the Northeast Corridor is, and we are committed to doing what it takes to get these tracks back into shape."

The proposal, Mineta said, would "level the playing field" between Amtrak and its competitors by freeing Amtrak of the cost of maintaining tracks and stations. Instead, the company would be able to focus on its core operation, "running the trains on time."

The plan would also introduce healthy competition for better rail service by letting states chose from Amtrak, private companies, or public rail operators to run key routes. And the proposal, Mineta added, would establish a 50-50 federal match for state investments in passenger rail infrastructure.

Mineta announced that he will submit the Administration's Amtrak reform proposal, the Passenger Rail Investment Reform Act, when Congress reconvenes in April.

"Our plan will breathe new life into passenger rail," Mineta said.

— *Special to The Cross-Tie*

WRECK ROUNDUP

Here is a list of some of the railroad wrecks and derailments reported in the last month:

On March 18, a 15-year-old boy was killed trying to beat a Long Island Rail Road train, *Newsday* reported. The boy was walking with five friends along Gillette Avenue headed to a barber shop, according to the newspaper. The boy who was killed ignored warning signals — including bells and flashing lights, authorities said.

At least 13 people were killed March 13 in a derailment in the Vietnamese province of Thua Thien-Hue, according to *Reuters* news agency. Two of a train's 13 cars derailed killing nine people immediately, according to *Reuters*. The four other people died en route to the hospital. The train, which departed March 11, was headed to Ho Chi Min City with about 500 people and 29 crew members on board, according to the news agency.

Three people were injured March 4 when a train at the Central Florida Zoo derailed, according to *WKMG*. One person was transported to the hospital because of the derailment, while the other two passengers injured were treated at the zoo. The train — described as both scaled-down and mini — was closed for a short time because of the derailment. The train was traveling between 4 mph and 6 mph at the time of the derailment *WKMG* reported.

On Feb. 28, four people were injured when a subway shuttle derailed as it was pulling in to Grand Central Terminal, *The Associated Press* reported. At about 5 a.m., the train struck a bumper block at the end of the track. Four passengers were injured, and the train engineer reported having “trauma,” according to *The Associated Press*. Train service was disrupted on one track because of the derailment.

Trackside Profile

MORRISTOWN, N.J.: HISTORY STILL IN THE MAKING



Todd DeFeo | The Cross-Tie

An eastbound New Jersey Transit commuter train pulls into Morristown, N.J. on Aug. 15, 2003.

MORRISTOWN, N.J. — Railroads first came to Morristown in 1835 when the Morris and Essex Railroad was chartered to build a road between Morristown and New York Harbor.

The Delaware, Lackawanna and Western Railroad in 1869 leased the road, which by that time reached as far west as the Delaware River in Phillipsburg, N.J. In 1880, Jay Gould began buying the railroad's stock and by the latter half of the 1930s, the New York Central owned about 25 percent of the railroad's stock.

On Oct. 17, 1960, the Delaware, Lackawanna and Western Railroad and the Erie Railroad merged, creating the Erie Lackawanna.

On April 1, 1976, the state of New Jersey purchased the main line, between New York City and Dover, N.J., from the Erie-Lackawanna Railroad.

Conrail operated passenger trains along the line from April 1, 1976, until Jan. 1, 1980, when N.J. Transit assumed passenger operations.

The Delaware, Lackawanna and Western Railroad in 1914 built the Morristown Station. Today, the building is listed on the Federal and State Historic Registers.

“The Morristown station is one of the

busiest stations on the Morris & Essex Lines, and provides our passengers with nearby access to Morristown General Hospital, the Seeing Eye Training Center and Morris County government offices including social service agencies,” says N.J. Transit Executive Director George D. Warrington.

The depot serves 1,835 average weekday riders on 97 weekday trains traveling to/ from Hoboken Terminal and Penn Station New York, according to N.J. Transit statistics.

Short line service continues today in Morristown by the Morristown and Erie Railway. The short line owns four locomotives and two hopper cars, according to the *American Shortline Railway Guide*, Fifth Edition.

By 1982, the railroad was bankrupt. A group of investors purchased the company and began to turn it around.

Along the railroad's Whippany Line is the Whippany Railroad Museum.

— Todd DeFeo

Each month, *The Cross-Tie* will feature a trackside location. For more information about these locations, log onto Railfanning.org and click on Trackside.

EIGHT NEW JERSEY TRANSIT PCC TROLLEY CARS HEADED TO THE CITY OF BAYONNE

BAYONNE, N.J. — On Feb. 22, Bayonne Mayor Joseph V. Doria and George D. Warrington, executive director of New Jersey Transit, visited the Hudson Bergen Light Rail Line Communipaw Facility in Jersey City to inspect one of eight Presidents' Conference Committee (PCC) Trolley Cars given to the city of Bayonne by N.J. Transit.

These vehicles were put into service on N.J. Transit's Newark City Subway line in January 1954 and retired in August 2001.

The eight car fleet will be completely rehabilitated and placed into operation along a proposed 2.5 mile loop to serve the City of Bayonne's "Peninsula at Bayonne Harbor" — a 299-acre mixed-use site formally known as the Military Ocean Terminal of Bayonne (MOTBY).

The PCC Trolley line will be connected to the 34th Street Station of the Hudson Bergen Light Rail Transit System (HBLRT) via a pedestrian walkway. The HBLRT is owned by N.J. Transit and is

operated by Washington Group International (WGI) under the first Design Build Operate Maintain (DBOM) contract executed in the United States.

In 1995, MOTBY was recommended for closure under the federal Defense Base Closure and Realignment Act.

Since 1941, MOTBY had been a major supply depot for the transshipment of goods by the military and continued to serve that function through Operation Desert Storm. In September 2001 and December 2002, ownership of MOTBY was transferred from the Army to the Bayonne Local Redevelopment Authority (BLRA).

Since the property transfer, the property has been renamed the Peninsula at Bayonne Harbor and the BLRA — the City of Bayonne's redevelopment arm — and has been focused on refining the Redevelopment



PRNewsFoto

Joe Cadillac and Walter Ernst of Washington Group International join Mayor Joseph V. Doria, city of Bayonne and N.J. Transit Executive Director George D. Warrington during inspection of one of eight PCC Trolley Cars given to

Master Plan and planning for the complete redevelopment of the site.

The PCC trolley, developed between 1930 and 1935, became the workhorse of street railway systems. Between 1936, when the first PCC cars rolled into service, and the 1950s when production ended in North America, approximately

5,000 PCC cars were built.

The PCC cars were developed by an engineering team contracted by the presidents of several of the nation's street railway systems. The PCC is named after the Electric Railway Presidents' Conference Committee that undertook its development.

— PRNewswire

BNSF ANNOUNCES FIRST MILEAGE-BASED FUEL SURCHARGE

FORT WORTH, Texas — Burlington Northern Santa Fe Railway Company said it will assess fuel surcharges on a mileage basis effective Jan. 1, 2006, the company announced March 29.

BNSF's mileage-based fuel surcharge will be the first in the railroad industry. It will replace BNSF's current fuel surcharge, which is assessed as a percentage of a customer's freight transportation bill.

"In this era of tight transportation capacity, rapidly rising fuel prices and fuel-price volatility, we believe a mileage-based fuel

surcharge program is the most direct and accurate method of reflecting the impact of fuel price changes on BNSF and our valued customers," said John Lanigan, BNSF's executive vice president and chief marketing officer.

The mileage-based fuel surcharge will apply to movements that originate and terminate on BNSF, and to the BNSF portion of Rule 11 shipments, a type of interline shipment where each carrier bills the customer separately for their services. The mileage fuel surcharge also will apply to

certain movements involving BNSF and one or more short lines.

These movements account for about 75 percent of BNSF's volume. The remaining 25 percent represent joint-rate interline movements with other Class I railroads and will continue to be covered by BNSF's existing percentage fuel surcharge due to current interline billing systems and practices.

The change will require significant modifications to BNSF's computer systems.

— Special to the Cross-Tie

CPR AND CAW-TCA SIGN CONTRACT

CALGARY, Ontario — The CAW-TCA Canada and Canadian Pacific Railway in late March reached a three-year collective agreement with 2,600 employees who repair and service locomotives and freight cars.

The agreement extends to the end of 2007. It provides for wage, pension and benefits improvements, as well as work rule changes that will generate increased productivity.

Wage increases are 3 percent in each year of the collective agreement.

“The agreement has many positive changes for both parties and provides a

foundation to work towards a solid and stable future,” said Tom Murphy, President Local 101 of the CAW-TCA Canada.

“We are pleased to have yet another settlement ratified by employees — the third contract ratification in just over two months. We have successfully established a pattern in settlements that provides consistent mutual benefits and a productive work environment,” said Rob Ritchie, president and chief executive officer of CPR.

A four-year collective agreement with CPR’s 4,500 train crew employees was ratified in January and a three-year agree-

ment with CPR’s 2,500 track maintenance employees was ratified earlier this month. Both agreements extend to the end of 2006.

Negotiations are continuing with the union representing approximately 375 employees who maintain railway signal systems.

Contracts are in place with all other unionized employees in Canada, including an agreement with clerical employees extending to the end of 2006 and agreements with rail traffic controllers and police officers extending to the end of 2005.

— PRNewswire-FirstCall

NS, CN WORKING TO STREAMLINE TRAFFIC

NORFOLK, Va. — Canadian National and Norfolk Southern Railway on March 28 announced a structured routing protocol to streamline their exchange of rail traffic at major gateways.

Under their latest agreement — the product of a comprehensive examination of all inter-line traffic and service schedules — CN and Norfolk Southern will direct rail traffic through the most efficient interchange locations. The objective is to improve network capacity, transit times and asset utilization for through rail car movements.

The agreement will be implemented over the next three months.

The major interchange points for traffic moving between CN and NS are Rouses Point, N.Y.; Buffalo, N.Y.; Detroit; Toledo, Ohio; Chicago, Memphis; New Orleans; and Mobile, Ala.

The routing protocol will result in a number of changes:

- Traffic between the Louisiana gulf and the Northeast United States will be interchanged directly at New Orleans or Memphis, benefiting from a more direct route and fewer intermediate handlings.
- Western Canada traffic to and from the south-central U.S. will be interchanged at Memphis, avoiding the congestion and additional handling in Chicago.
- The parties will expand the use of the new Rouses Point gateway agreement announced in November 2004 to further handle traffic between Eastern Canada and the southeastern U.S.

“With the demand for freight rail service increasing at historic levels throughout North America, this is a creative way of expanding network capacity and enhancing the service options available to our joint customers,” said Donald Seale, Norfolk Southern’s executive vice president, sales and marketing.

— Special to The Cross-Tie

CSX ATTRACTS \$1.4B IN INDUSTRY IN 2004

JACKSONVILLE, Fla. — CSX Transportation said the company participated in 145 industrial development projects, attracting approximately \$1.5 billion in investment capital and helping to create more than 4,500 new jobs in 17 states in 2004.

This marks a 20 percent increase in the total number of projects where CSXT has helped its customers locate or expand, highlighting a positive three-year industrial development trend in which customers are increasingly using rail to position products closer to their markets.

“The high number of industrial development projects in 2004 demonstrates the growing demand in the rail system,” said Derrick Smith, CSXT vice president of emerging markets. “Customers are more and more using rail to better position their products closer to the markets they want to reach, as well as to improve their logistics efficiency.”

CSXT worked with state and local economic development authorities on projects involving site location and development of rail infrastructure designs to connect new customers to the CSXT rail system. Its new customers will generate more than 95,000 carloads to be transported by the railroad annually.

CSXT reported the greatest number of industrial development projects overall in Florida and Kentucky where the company partnered with 35 industries to create more than 2,100 jobs and invest more than \$557 million.

In 2004, CSXT saw the highest number of projects generated by plastics producers and receivers, representing more than \$552 million in capital investment for the communities along the rail network.

AFTER INVESTIGATION: CSX, NY ATTORNEY GENERAL REACH VOLUNTARY SETTLEMENT

NEW YORK — CSX Transportation, probed by the New York State Attorney General's office, said it has put in place processes that further enhance safety at rail-highway grade crossings.

Under the voluntary agreement, CSX will undertake a series of safety monitoring and reporting improvements, and fund a pilot program to reimburse local law enforcement agencies for costs they incur to protect CSX railroad crossings that have been identified as having malfunctioning safety equipment.

"It is critical that railroad companies maintain the highest safety standards possible," New York Attorney General Eliot Spitzer said. "As a result of this agreement, CSX will undertake a number of reforms that will produce the quickest response possible to any potential crossing safety problems."

The Attorney General began an investi-

gation of railroad safety issues after an accident killed two people at a CSX rail crossing near Rochester last year.

During the investigation, the state found that CSX failed to make timely repairs to malfunctioning safety equipment at crossings, failed to notify local law enforcement authorities in a timely manner about malfunctions of safety equipment and failed to maintain accurate records tracking the status of malfunctioning warning systems at crossings.

"We acknowledge and appreciate that the Attorney General was a partner in many of the actions that we have taken," CSX said in a statement. "Highway-rail grade crossing incidents on the CSXT network have declined by more than 27 percent in the last decade, and CSXT will continue to devote significant resources to further improvements in grade-crossing safety."

Over the past year, CSXT said it has implemented a grade-crossing action plan that includes signal and/or track maintenance work at 143 crossings, as well as the complete rebuilding of some of those crossings. All of this work — including new internal procedures phased in over the past year — has been aimed at averting "grade-crossing tragedies," according to a CSX statement.

CSX will also provide \$500,000 for a first-of-its-kind statewide program to reimburse local law enforcement agencies for costs they incur to protect CSX crossings with malfunctioning safety equipment.

The intention of the program is to provide funding for a police officer to be physically present to direct traffic and maintain safety at crossings where there is a malfunctioning warning system, and for that staffing to be maintained until the warning system is repaired, officials say.

— *Wire Reports*

FRA UNVEILS NEW COLLISION PREVENTION TECHNOLOGY STANDARDS

WASHINGTON — New standards governing Positive Train Control (PTC) systems will accelerate the deployment of train collision prevention technology, the Federal Railroad Administration said.

PTC systems can improve rail safety through the use of technology that automatically controls train movements and speed, including bringing a train to a stop. Where installed, it can prevent collisions between trains, provide warning of other on-track equipment or hazards, and enforce track speed limits. Future capabilities may give motorists in-vehicle advance warning of a train's approach at highway-rail grade crossings.

"The safety benefits of PTC technology are real and its accelerated implementation holds the promise of reducing certain types of railroad accidents," said FRA Acting Administrator Robert D. Jamison.

The standards announced March 7 are the first revision of federal signal and train

control regulations since 1984. They establish minimum performance requirements to provide a uniform framework to guide railroads as they develop and implement PTC systems. Importantly, PTC systems must meet or exceed the level of safety provided by the conventional wayside signal systems they replace.

In addition, the standards ensure that railroads deploy PTC systems that are compatible with one another, require that FRA be notified prior to the installation of PTC components, and that appropriate employee training and record-keeping be undertaken.

FRA and several railroads currently are testing different types of PTC systems with varied applications and functionality. The Final Rule for Standards for Development and Use of Processor Based Signal and Train Control Systems was published in the Federal Register.

— *Special to The Cross-Tie*

NC DOT GIVES \$7M MORE FOR CHARLOTTE LIGHT RAIL PROJECT

RALEIGH, N.C. — The N.C. Board of Transportation in February awarded the city of Charlotte \$7 million in additional funding for the Charlotte South Corridor Light Rail.

The additional funds were needed because initial bids received for construction of the vehicle maintenance facility came in nearly 30 percent over the budget due to higher than expected prices for steel, other construction materials and a shortage of local labor, according to the DOT.

Board member Marion Cowell of Charlotte, who represents Mecklenburg County said CATS staff negotiated with all of the bidders to reduce costs. Only the low bidders participated in the cost reduction negotiations.

— *Special to The Cross-Tie*



NEWS FROM THE

RAILS

QUICK HITS FROM AROUND
THE RAILROAD INDUSTRY**BNSF Begins Thayer Maintenance Project 2005**

FORT WORTH, Texas — Burlington Northern Santa Fe Railway Company in March began a major infrastructure maintenance program, involving track improvements and bridge rehabilitation that will continue through May 27, 2005, on its Springfield Division main line between Thayer, Mo., and Memphis, Tenn.

The Thayer South Subdivision Capital Maintenance Work Program involves improvements along 111 track miles, including two bridge projects. Approximately 180 BNSF employees will work Monday through Friday from 9 a.m. to 3 p.m. over the scheduled 54 working-day period to complete the project.

When the project is finished, BNSF Railway will be able to significantly improve its service to customers, particularly utilities, in the southeastern United States, as well as improve surface conditions at 22 highway grade crossings along the route.

"Track surfacing accomplished in conjunction with the cleaning and replacement of ballast over nearly 79 track miles will improve the overall quality of the track structure, allowing residents of communities along the route to experience a smoother passage over highway grade crossings and BNSF to operate more efficiently," said Dave Hestermann, assistant vice president and chief engineer, Central Region Engineering.

During this project, which

will require 44 unit trains of main line ballast, BNSF will reroute and detour as much traffic as possible off this corridor to facilitate movement during non-maintenance hours.

— *PRNewswire-FirstCall*

RailAmerica: February 2005 Carloads Up from 2004

BOCA RATON, Fla — RailAmerica, Inc. said total carloads for February 2005 were 106,256, up 11.3 percent from 95,506 in February 2004.

The acquisitions of the Midland Subdivision, the Chicago Fort Wayne & Eastern Railroad and the Central Michigan Railroad, net of the impact of the sale of the Arizona Eastern Railway in 2004, accounted for 4,299 of the carload increase.

On a "same railroad" basis, February 2005 carloads increased 6.8 percent to 101,628, from 95,177 in 2004. The 6,451 carload increase in 2005 was driven by bridge traffic which accounted for 2,447 of the increase.

The increase in bridge traffic, which is lower margin business, was partially offset by lower metals and auto shipments. On a "same railroad" basis, shipments in eleven out of fourteen commodity groups increased.

Year-to-date through February 28, 2005, total carloads increased 9.5 percent to 211,764, from 193,327 in 2004. On a "same railroad" basis for the same period, year-to-date carloads were 200,148, up 4.4 percent from 191,627 in 2004.

"Same railroad" totals exclude carloads associated with

railroads, or portions of railroads, sold or acquired by the Company after Jan. 1, 2004. Historically, the Company has found that carload information may be indicative of freight revenue on its railroads, but may not be indicative of total revenue, operating expenses, operating income or net income. Attached is a comparison of North America carloads by commodity group for the periods ended February 28, 2005 and 2004.

— *Business Wire*

Providence and Worcester Railroad Company Announces 2004 Results

WORCESTER, Mass. — Providence and Worcester Railroad Company in March announced its results of operations for the year ended Dec. 31, 2004.

Net income for the year increased to \$1.0 million from \$668,000 in 2003. Diluted income per share increased to \$.23 in 2004 from \$.15 in 2003.

Other income in 2004 includes a gain of \$948,000 which the Company realized on the disposal of a portion of an inactive branch line acquired by the Commonwealth of Massachusetts by eminent domain. Included in operating expenses for the year is \$95,000 of profit-sharing expense directly related to this gain.

Operating revenues for 2004 were \$24.9 million, an increase of \$982,000 (4.1 percent) from \$24.0 million in 2004. This increase is attributable to an increase in conventional freight

traffic partially offset by a small decrease in container freight traffic. The increase in conventional freight traffic was spread throughout the mix of commodities handled by the Company with no particular commodity experiencing a disproportionate increase or decrease in volume.

Operating expenses for 2004 includes a \$425,000 provision for casualty losses, \$208,000 of which was to settle a lawsuit judgment against the Company.

— *Business Wire*

FRA: Short Line Railroad in Northwest Illinois Receives \$5.5 Million Loan

WASHINGTON — The Riverport Railroad, LLC, a short-line operator located in Northwestern Illinois, is receiving a more than \$5.5 million loan from the Federal Railroad Administration (FRA) to rehabilitate rail related infrastructure and facilities that were once part of the Savanna Army Ordnance Depot.

Funding from the Railroad Rehabilitation and Improvement Financing (RRIF) program will be used to improve and consolidate about six miles of existing track to make operations more efficient and install new, heavier track to handle the industry standard 286,000-pound railcars. In addition, yard storage capacity will be increased by 33 percent (from 3,000 to 4,000 railcars) and real estate will be acquired to support its planned business expansion.

— *Special to The Cross-Tie*

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BROKEN RAIL CITED IN ILL. DERAILMENT

WASHINGTON — The National Transportation Safety Board in January determined that a broken rail, due to inappropriate bond wire welds on the rail in an area of known soft ballast conditions, was the probable cause of a February 2003 derailment of a Canadian National Railway freight train near Tamaroa, Ill.

The derailment occurred on Feb. 9, 2003, when a northbound Canadian National train, traveling between Memphis and Chicago at about 40 mph, derailed 22 of its 108 cars. Nineteen of the derailed cars were tank cars that contained hazardous materials.

A fire ensued and there was a release of vinyl chloride, methanol, hydrochloric acid and formaldehyde from several of the tank cars.

About 850 residents within a 3-mile radius of the derailment were evacuated, including the

entire village of Tamaroa.

There were no fatalities or injuries. Damages to track, equipment and clean-up costs associated with the accident totaled about \$1.9 million.

"Serious accidents like this point up the need for rigorous maintenance standards to ensure the safety of tracks over which hazardous materials are carried," said NTSB Chairman Ellen Engleman Connors. "It is an area that demands close attention by both the industry and government."

The Board found that the derailment occurred when a rail broke near an insulated rail joint where bond wires had been welded to the rail head.

The exothermic welding procedure used by Canadian National workers produced untempered martensite, a brittle structure in the steel that made the rail susceptible to fatigue cracking.

The known muddy, soft ballast condition in the area of the insulated joint provided inadequate support for the track and increased the amount of rail flexing which, in turn, significantly increased stresses on the rail.

The increased stresses, the Board said, caused the propagation of fatigue cracks that had originated in the areas of untempered martensite at the rail head, leading to a failure of the rail only 17 days after it had been installed.

As a result of the investigation, the Board recommended to ERICO Products, Inc., the developer of the exothermic welding process, that it revise its instructions for users to make them aware that the welds create untempered martensite that can, under certain conditions, lead to fatigue cracking and rail failure.

— *Special to The Cross-Tie*