

# RAILROAD WEEK IN REVIEW

February 25, 2022

*“We are committed to operating both the long distance and corridor services on the Gulf Coast route as soon as the necessary funding can be arranged, and the necessary agreements are in place to implement the service... Amtrak strongly supports these projects and will continue to do everything we can to work with you to bring these services to completion.” — Wick Moorman, Amtrak CEO, to the Southern Rail Commission, 2017*

*“As you may be aware, there is an effort by Amtrak to force new service on CSX and NS between New Orleans and Mobile without any consideration for the negative impact on freight service or securing the infrastructure that would be required to accommodate that new service.” — Jim Foote, CEO, CSX, memo to shippers, February 2022*

*“Desperate attempts by CSX to scare their already-dissatisfied customer base is the same tactic they’ve used before: misleading their shippers, shareholders and the public. It is the kind of tactic used when the facts and the law are not on their side. The upcoming STB hearing will show that Amtrak has the right to use these tracks and the Gulf Coast community deserves to have passenger rail.” — Amtrak response to Foote shipper memo, February 2022*

*“Modeling and capital investments aren’t prerequisites to every increase in rail service. Amtrak hasn’t required modeling or costly infrastructure investments each time a freight railroad or commuter railroad wanted to add trains on our Northeast Corridor, the busiest, by far, rail line in North America.” — Amtrak CEO Stephen Gardner, February 2022*

**Watching and listening to** STB Chair Martin Oberman as he led the discussion on the proposed Gulf Coast Amtrak service was instructive, to say the least. The STB home page provided a link to the Zoom call and seeing all the speakers in their home environments added a welcome touch.

*Railway Age* Contributing Editor David Peter Alan sums up Oberman’s approach succinctly in his February 17 piece, “STB Slug-Out: Amtrak vs. CSX, Round 1.”

STB Chair Martin J. Oberman managed to retain his neutrality and composure throughout the proceeding, and he started by laying out the ground rules for the combatants. He said he wanted “interested persons, other than parties” to give their impressions, and mentioned that this was “a case of first impressions.”

He said Amtrak is seeking an order requiring CSX and Norfolk Southern to allow Amtrak to operate two round-trip intercity passenger trains per day over the rail lines of CSX and NS between New Orleans and Mobile. [145 miles, of which NS has the six leading to and from the New Orleans Union Passenger Terminal.]

We've had discovery in this case and we've received numerous filings already, including evidence and argument by Amtrak, CSX, NS, and the Port of Mobile. Early next month, we will have a formal hearing on the record, involving those four parties. The primary purpose of today's session is for interested persons, other than the four parties to the case, to provide comments."

Day Two of the Zoom call featured comments from all those quoted above. Moorman and Gardner made their points cleanly and without emotion, whereas Foote led off with a challenge: "This case is about far more than just getting 20 to 40 people per trip from New Orleans to Mobile. It's about a new national agenda and Amtrak's desire to change the law and create a new road map for creating new passenger service without working with host carriers or local communities to first add necessary capacity."

To be fair, I have to applaud Jim for his comments regarding the CSX desire to seek a "rational and balanced approach" to initiating this passenger service. It was after his prepared remarks that Chairman Oberman brought up what he called "service issues" in and around Gentilly Yard in New Orleans, specifically congestion and train delays.

Though these delays "have nothing to do with Amtrak trains," Oberman asked why more of the dollars that went to share buy-backs and dividends couldn't have been used to clear up the delay problem. Moreover, if the Amtrak question "were to disappear tomorrow," why hasn't CSX spent any of its own money to clear things up?

Foote responded that the pandemic has been a major cause of delays not only here but also world-wide. Yes, CSX has had its losses but throughout it all the railroad kept running, capex has continued to improve the property, and the railroad has delivered good STB numbers. To which Oberman responded, the Gentilly problem existed before the pandemic, and why had nothing had been done about it? There was no real answer, as far as I could tell, and Oberman says he'll want the matter resolved at the upcoming hearing.

*And this just in from Trains News Wire:* "Norfolk Southern and the state of Pennsylvania are finalizing an agreement for up to \$170.8 million in infrastructure improvements that will allow a second daily Amtrak train between Pittsburgh and Harrisburg, a route currently served by the Pittsburgh-New York Pennsylvanian."

**Several readers responded** to my *Railway Industry Agreement* comments last week. One of the more inventive uses had to do with allowing two connecting short lines to interchange new business directly without going through their connecting Class I. Another reader says they have found where it could work but the timeline is prohibitive.

A third chap who's been around this track several times runs a short line that is highly responsive to customer needs and has built transloads to serve customers with facilities located on a neighboring Class I where local service is expensive and unreliable. He adds, "If the AAR wants to know why people push for reciprocal switching it's because their serving Class Is are not perceived as being responsive to customer needs."

ASLRRA President Chuck Baker confirms there is an RIA webinar on [aslrria.org](http://aslrria.org) and has forwarded to me a 23-page October 2019 powerpoint presentation from the Eastern Region Meeting. Given that the RIA dates from 1998 and was last updated in 2005, there are some aspects that may seem a bit out of synch with the times.

However, it is an excellent reference piece for learning what the RIA is and is not, and principal authors Keith Borman and Mike Ogborn were the right ones to give it. By way of review...



## Principles of Relationship

- Small Railroads deserve fair and reasonable solutions
- The railroads agree to work together to increase rail traffic
- Laws and regulations must be consistent with the fundamentals of rail economics
- Private solutions are best
- Paper barriers should be waived if a requested access helps the Small Railroad and does not harm the Large Railroad



ASLRRA

I'm sure that in this day and age of competition between and among railroads and truckers there must be places this can be used. The shortline challenge is to sell it to the Class I and convince them there are margins to be made and operating ratios lowered.

*The Railroad Week in Review, a compendium of railroad industry news, analysis, and comment, is sent as a PDF via e-mail 50 weeks a year. Individual subscriptions and subs for short lines with less than \$12 million annual revenue are \$175. Subscriptions for Class I railroads and short line/regional operators with more than \$12 million annual revenue are \$599 per year. To subscribe, click on the Week in Review tab at [www.rblanchard.com](http://www.rblanchard.com). © 2022 Roy Blanchard*