

RAILROAD WEEK IN REVIEW

February 24, 2023

“Bearing maintenance is one of the most important functions performed by the Mechanical Department on American Railroads. The purchase of bearings and the labor to mount and maintain them requires very large annual expenditures. About one million new or reconditioned bearings are mounted each year. These expenditures justify special efforts to establish good workmanship and maintain the best practices which are currently available.” —AAR Roller Bearing Manual, Effective: August 15, 1985

“If the raft of new regulations ultimately winds up on the books, it will put the East Palestine derailment in the same category as other disasters that changed the regulatory landscape. They include Chase, Md. (locomotive engineer certification and mandatory drug testing); Chatsworth, Calif. (positive train control); and Lac Megantic, Quebec (stricter hazmat and tank car rules).” — Bill Stephens, Trains News Wire, Feb 20

Roller bearing failure caused the recent NS derailment in eastern Ohio, according to initial reports. If that is so, then the NTSB must be looking at everything about the history of that car and the train it was in. I have long maintained that a mechanical failure can be attributed to a process failure.

As for roller bearings themselves, a now-retired FRA safety official writes, “Roller bearings have been ‘NFL’ for quite a while now, meaning no field lubrication. Most do very well for a long time. We still have some failures, despite acoustic bearing detectors and hot bearing detectors about every 25 miles or so.”

The actual event took place at approximately 8:55 PM EST on February 3, 2023, in East Palestine, Ohio. Norfolk Southern reported the incident at 10:53 PM ET to the National Response Center. At that time, it was reported that an unknown number of the 150 cars in the train cars had derailed.

Later it was determined that some 52 cars were affected by the derailment with the rest being uncoupled and removed from the scene. The EPA reports that “27 cars suffered no major damage or significant leaks, and one is listed as having an unknown status.” The EPA issued a two-page PDF file detailing what was in each of the other 24 cars and what happened to them during the accident. All of these cars were leased equipment, bearing marks such as GATX, UTLX, TIX, and SHPX. None were railroad-owned.

What I'm looking for are process failures that allowed the offending car to depart the origin yard when it did. Then, if corners were cut, by whom, where, and why? How do we prevent a repeat of such an event? For example, I recall vividly a business car trip where we saw a freight train that was not made up properly. We got it stopped because if we had not there could've been an unfortunate incident. There was a process for train make up that was not being followed. We determined who made the mistake and took appropriate action.

Many questions remain — not so much about the derailed car and its contents but about the train itself and its handling. To wit:

- Who owns the car with the defective bearings, how old is it, and what can we glean from its maintenance records?
- Did NS receive the train intact from another carrier or did NS build it at origin?
- Who did the initial NS terminal inspection and how thorough was it?
- How long had the person at the throttle been qualified on this piece of railroad?
- What was the waybill origin and destination of the offending car?
- Were all the cars in that train trip plan compliant or was there time to be made up?
- What had been the dwell time of each car in that train in the origin terminal?

So where does all this leave us? I think Tony Hatch sums it up admirably. “As Winston said, or is said to have said, ‘Never let a good crisis go unused...’ All sorts of agendas are coming out of the woodwork from general right-wing issues (‘You can't trust government’ – not very helpful) to leftist ones (‘NS is an example of corporate greed putting profits ahead of safety!’ – see capex as percent of revenue, safety record, etc).

“Then there are industry specific agendas – from the issue of labor shortages (by strange coincidence there were three T&E crew members in the loco cab, not that it is relevant) to ECB brakes (it wasn't a braking issue or a collision – and there was Distributed Power employed), too long trains (doesn't impact that single axle), etc. Meanwhile while there is a clamor for the government to do something something (anything).”

In other words, too much noise follows this incident. As one of my shortline friends puts it, “The time has come for the government to lead, follow, or get out of the way.”

Norfolk Southern share prices have fallen sharply since the incident and entered short territory on Tuesday. Shares have plummeted from their \$255 Feb 2 close all the way to a close of \$225 last Tuesday, down 12 percent. Which means NSC shares will have to grow by 13 percent to cover fully.

Daily share volume changes (bottom) have been decidedly in the red, meaning on any given day sellers outnumbered buyers. The shorter SMAs are all lower than the higher ones and the RSI (middle) stands at 30, entering “oversold” territory.

Though the direct financial hit may largely be covered by insurance, there are bound to be cost-cutting train-start reductions that will be felt at interchanges serving the NS non-Class I railroad community.

We can also expect regulatory fallout that will affect all railroads, as noted in the italicized quote above. Rail analyst Scott Group writes, “The main risks we see are the potential regulatory changes that could eventually emerge here.” He notes that “there was bipartisan opposition to the rails during their labor negotiations late last year around the paid sick leave issue, and there seems to be bipartisan opposition to NSC right now following the derailment.”

And on Wednesday BBC News reported, “The head of the EPA, Michael Regan, said the company would have to find and clean contaminated soil and water supplies and pay back the EPA for its own cleaning efforts, provide information online for residents and take part in public meetings at the EPA's request.”



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