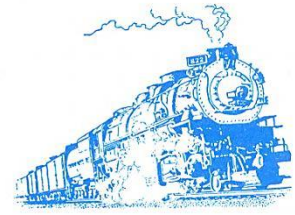


# The Semaphore

South Shore Model Railway Club

## NEWSLETTER

Home of the "East Coast Lines" since 1938



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**SUMMER 2022 ■■■■■■■■■■ VOLUME 42 ■■■■■■■■■■ NUMBERS 6 & 7**

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## Happy Summer and Railroading!

**Note: Change in monthly dues and locker fees June 1<sup>st</sup>...see "Editor's Notes".**

# The Semaphore

David N. Clinton, Editor-in-Chief



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“The Operator” .....	Paul Cutler III
Boston <u>Globe</u> .....	Paul Bonanno
Western Massachusetts.....	Ron Clough
Rhode Island News.....	Tony Donatelli
“The Chief’s Corner” .....	Fred Lockhart
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*The Semaphore* is the monthly (except July) newsletter of the South Shore Model Railway Club & Museum (SSMRC) and any opinions found herein are those of the authors thereof and of the Editors and do not necessarily reflect any policies of this organization. The SSMRC, as a non-profit organization, does not endorse any position. Your comments are welcome! Please address all correspondence regarding this publication to: *The Semaphore*, 11 Hancock Rd., Hingham, MA 02043. ©2022  
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VOLUME 42 ■■■■■ NUMBERS 6-7 ■■■■■ SUMMER 2022

### CLUB OFFICERS

President.....	Jack Foley
Vice President.....	Rich Herlihy
Treasurer.....	Will Baker
Secretary.....	Eric Mercer
Chief Engineer.....	Fred Lockhart
Directors.....	David Galbraith ('24)
	Bob England ('24)
	Roger St. Peter ('23)
	Gary Mangelinkx ('23)

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**ON THE COVERS:** A happy summer trip was had in August 2007, when my cousins, Andrew and Peter Reid, and I traveled to Quebec’s Gaspé Peninsula and chased VIA Rail Canada’s *Chaleur* train. Service was discontinued in 2013, due to infrastructure on the line from Matapedia, Quebec, the connection to CN’s mainline to Halifax. All of the bridges shown are being replaced, so that service to Gaspé can be restored, hopefully, by 2025.  
(Dave Clinton photo)

## FORM 19 ORDERS

### JUNE B.O.D. MEETING

Monday, JUNE 27<sup>th</sup> 8 p.m.

### JULY BUSINESS MEETING

Monday, July 11<sup>th</sup> 8 p.m.

### DCC & EQUIPMENT TUNE-UP CLINIC

Thursday, July 14<sup>th</sup> 8 p.m.

### JULY B.O.D. MEETING

Monday, July 25<sup>th</sup> 8 p.m.

### AUGUST BUSINESS MEETING

Monday, August 1<sup>st</sup> 8 p.m.

### SUMMER OPEN HOUSE

Saturday, August 6<sup>th</sup> 9 a.m.- 4 p.m.

### DCC & EQUIPMENT TUNE-UP CLINIC

Thursday, August 11<sup>th</sup> 8 p.m.

### NEWSLETTER DEADLINE

Sunday, August 21<sup>st</sup>

### AUGUST B.O.D. MEETING

Monday, August 29<sup>th</sup> 8 p.m.

## CONTESTS

Congratulations to **Bill Roach** on winning this month's "50-50 Raffle!"



For the August Business Meeting, we have one of the few remaining "Word Find" puzzles that Al Taylor had created before he left us. "Station Places" was included in last month's newsletter and extra copies are available in the usual place in the Train Room. Don't forget your name on the submission and good luck!

## CHIEF'S CORNER

Fred Lockhart

Progress since last month has largely been in the scenery department, Doug finished off the seams on the piece of sheetrock, that was replaced on the rear backdrop. Roger and his crew are continuing on installing Masonite for the backdrop in the staging room. They also will be replacing the backdrop behind the harbor scene with Masonite, also, as it is less expensive and easier to work with.

Around the railroad, the scenery projects that I previously mentioned last month are progressing nicely; the little town on the narrow gauge line between the smelter and the cattle pens looks

really nice and will be a nice addition to the area when finished. Right next to it, Chip Mullin is started to finish the waterfall and river area that's been unfinished for a while.

Down in Larsen, Brian Miller is working on backdrop buildings for the yard side of Larsen. It's nice to see these areas that have been unfinished for so long finally getting filled in. The West Middleton section, which is being built off the railroad, is coming along. I noticed a couple of building flats that have been done sitting in the mock up.

The town that is being built, again off the railroad, that will fit into the Mountain Division loop at the end of West Middleton is also taking shape so you can get an idea of their overall plan.

Mike Dolan has built a new rolling lift bridge for the entrance to the harbor on our newest section of the railroad; that is his second bridge for that new area. Thanks Mike, and thanks to everyone who has been and continues to work on scenery and other areas of the railroad.

The Tortoise switch machines and their controls have been installed on the last two turnouts, which completes new track work on the new section.

That is about it for new progress to report on. Work does slow down a bit over the summer months, due to the outside activities a lot of our members participate in, so it is normal.

I hope everyone has a fun-filled and healthy summer. Any questions or comments--please get in touch.

Fred Lockhart  
Chief Engineer



## Semaphore Memories

### SUMMER 2017 (5 years ago)

- New Digitrax Command Station installed.
- New LED lamps replace fluorescent in train room.
- Amtrak's new Siemens SC-44 "Charger" locomotives to be tested on *Cascades* service in the Northwest.
- CSX's president, E. Hunter Harrison, converting most hump yards to "flat switching" facilities.
- Ringling Brothers, Barnum & Bailey Circus folds tent for last time, after show on Long Island.

- ✳️ California State RR Museum recognized as a Smithsonian affiliate.
- ✳️ Amtrak names longtime aviation executive Richard Anderson as its president and CEO. (No RR experience!)

**SUMMER 2012** (10 Years Ago)

- ✳️ First year in its history that the East Broad Top RR does not operate.
- ✳️ MBTA unveils “Gold Star Memorial” coach, wrapped with tributes and bearing the names of every soldier, marine, sailor and airman who lost their lives serving in Iraq and Afghanistan.
- ✳️ Brighton gets stop on Worcester Commuter Rail line, paid for by New Balance Shoe, whose home office is next door.
- ✳️ Maine rail authorities to help fund new maintenance facility in Brunswick for servicing *The Downeaster* trains.
- ✳️ Finger Lakes Railway in up-state NY receives former Conway Scenic U23b #2820, which had also been on the Quincy Bay Terminal RR.
- ✳️ Final \$17 million in Federal money received for reconstruction of Springfield Union Station.
- ✳️ EMD begins assembling locomotives in Brazil.
- ✳️ “Alto Tower” on the PRR in Altoona, at the beginning of the grade around Horseshoe Curve, closes.
- ✳️ MBTA drops weekend service on Greenbush and Plymouth/Kingston lines to “save money”.

**SUMMER 2007** (15 years ago)

- ✳️ GrandLuxe Rail Journeys partners with Amtrak to offer luxury travel with cars attached to Amtrak trains.
- ✳️ Conn. and Mass. governors meet to discuss commuter rail between New Haven and Springfield.
- ✳️ Bombardier and Electro Motive Diesel complete framework for first SD70Ace locomotive.
- ✳️ Maine lawmakers sign bill to conduct engineering study for extending rail service from Portland to Fryeburg
- ✳️ U.S is 13<sup>th</sup> in World countries in developing high-speed rail.

**SUMMER 2002** (20 Years Ago)

- ✳️ Amtrak’s president David Gunn threatens to shut the railroad down, without requested appropriation.
- ✳️ St. Johnsbury, VT to Whitefield, NH: ex-MEC “Mountain Division” trackage embargoed by Guilford.
- ✳️ Both narrow gauge railroads tourist railroads in Colorado shut down because of forest fire danger.
- ✳️ Former “Bowl-a-Wey” bowling alley in lower Jackson Square opened as main office for contractors of Greenbush rail restoration. (Dunkin Donuts there now)
- ✳️ Amtrak donates F40PH, a first for this type loco, to California State Railroad Museum.
- ✳️ New MBTA Commuter Rail stations opened in Southboro and Westboro on the Worcester Line.
- ✳️ Eric Tedeschi joins SSMRC.

**SUMMER 1997** (25 Years Ago)

- ✳️ Sheetrock installed in members’ area, along with new wooden doors.
- ✳️ MBTA opens new “Operations Center” at 45 High St.
- ✳️ New “Silver Line” announced by Mayor Manino.
- ✳️ Groundbreaking for Newburyport Commuter Rail extension from Ipswich.
- ✳️ Amerail rebuilds MBTA’s Pullman-Standard cars.
- ✳️ Amtrak leases 50’ plug-door boxcars to revive “Railway Express by Amtrak”.

- ✳️ T’s new GP40MC locos being constructed at AMF in Montreal, from CN Gp40s.
- ✳️ Groundbreaking for new Albany-Rensselaer, NY station.
- ✳️ Conrail officially splits, with half each to NS and CSX.
- ✳️ Amtrak’s *Night Owl* becomes *Twilight Shoreliner*, with new “Viewliner” sleeping cars.
- ✳️ Guilford Transportation bids to purchase and operate Amtrak’s Northeast Corridor. (!-Ed.)

**SUMMER 1992** (30 Years Ago)

- ✳️ Members vote 34-1 to sign agreement for Building 51 facility in Bare Cove Park.
- ✳️ First Cookout & Pool Party held at Jim South’s, ending 9-years of Summer Party at Editorial Offices.
- ✳️ Conway Scenic RR turns ex-DL&W “MU” coach into dining car “Chocora”.
- ✳️ U.S. Transportation Secretary Andrew Card presents T with certificate to start construction of Plymouth and Middleboro rail lines of the Old Colony.
- ✳️ Horseshoe Curve “Visitor’s Center” opens.
- ✳️ D&H completes first year under CP Rail ownership.
- ✳️ Worcester contemplates restoration of Union Station, with talk of extending Commuter Rail from Framingham to Worcester.
- ✳️ The “Mountain Division Scenic RR Company” suddenly leaves Bartlett, NH, taking much investor money with it.

**SUMMER 1987** (35 Years Ago)

- ✳️ Don Pierce joins SSMRC.
- ✳️ Belchertown, Mass. voters reject \$7-million New England Auto Terminal, to be located on CV.
- ✳️ VIA Rail Canada accepts last of its new F40PH locos.
- ✳️ Budd Company of Red Lion, Penna., delivers its last passenger car; a rapid transit car for Chicago.
- ✳️ Maine purchases 126-mile ex-MEC line Brewer to Calais and 51-mile Brunswick to Rockland line.
- ✳️ Wolfeboro RR’s steam locomotive #250 moved by flatbed truck to Hobo RR in Lincoln, NH.
- ✳️ Plans unveiled for new RTE 128 RR station.
- ✳️ David P. Morgan retires as Trains editor for 34 years.
- ✳️ MBTA breaks ground for new JFK/UMass Red Line station.
- ✳️ Longest covered RR bridge in U.S., located in Swanton, VT, on the St.J&LC, burned down by partying teenagers.
- ✳️ First “Summer Issue” of the *Semaphore*.
- ✳️ MBTA plans 1,000-car parking garages for Red Line terminal stations.

**SUMMER 1982** (40 Years Ago)

- ✳️ Bay Colony RR, owned by George Bartholemew, begins operating 111-miles of track, serving 60 rail shippers, previously served by Conrail.
- ✳️ W. Graham Claytor named president of Amtrak.
- ✳️ Grand Trunk RR buys Milwaukee Road.
- ✳️ Pinsley RR Co. awarded 24-miles of Conrail trackage between Westfield and Holyoke, becoming “Pioneer Valley Railroad”.

# ELECTION RESULTS

President.....	Jack Foley
Vice-President.....	Rich Herlihy
Treasurer.....	Will Baker
Secretary.....	Eric Mercer
Chief Engineer.....	Fred Lockhart
Directors.....	Bob England David Galbraith

Congratulations and good luck to you all!

# POTPOURRI

**FLYING A 21ST-CENTURY DRONE** to plot the future of two 19th-century tunnels, the East Broad Top Railroad took a step forward Thursday, May 26, by revisiting its past. Specialists set up, calibrated, and flew a drone through the Ray’s Hill



Drone pilot James Kenney checks over the DJI M300 after a successful flight at the north end of Sideling Hill Tunnel. (Dan Cupper)

(some spell it Wray’s Hill) and Sideling Hill tunnels, nestled in the mountainous southern end of the narrow gauge line, a National Historic Landmark. The goal was to digitally map and video-record the condition of each tunnel, identifying any earthen collapses, rock falls, shifted strata, or sources of underground water seepage. Because of previous collapses, EBT Director of Engineering James Roslund said, experts consider both to be unsafe for human investigation. The curved, 830-foot-long

Sideling Hill Tunnel and the straight, 1,100-foot-long Ray’s Hill Tunnel both have suffered minor cave-ins and major deterioration over the years. Their interiors are wet to varying degrees, with rails and ties partially or completely submerged in some areas. Many rails are severely rusted and will require replacement. The tunnels were bored through in 1874, permitting the entire 32-mile-long EBT to open that same year. Primarily a coal-hauling line, EBT shut down in 1956 and was bought by scrap dealer Nick Kovalchick. He reopened a 4½-mile segment for seasonal steam-powered tourist passenger service in 1960. It ran until the end of 2011, when Kovalchick’s son Joe closed it. The line remained dormant for eight years until the February 2020 formation of the non-profit EBT Foundation, Inc. The foundation purchased the lion’s share of the railroad — 27 miles of main line, six Baldwin 2-8-2 steam locomotives, a fleet of vintage passenger and freight cars, and the historic station, roundhouse and shops at Rockhill Furnace. The foundation immediately set about restoring and reopening the line, starting with the 4½-mile stretch and eventually hoping to run trains over the entire 27 miles. A near-term goal is to reopen the main line south from Rockhill Furnace to Saltillo, about 7 miles. The tunnels lie south of that, but by

commissioning the drone flights, EBT is again signaling its commitment to full restoration in the future. Out of service for 66 years, East Broad Top narrow-gauge 2-8-2 Mikado steam locomotive No. 16 is getting close to operating again. Built for EBT by Baldwin Locomotive Works in 1916, it’s one of six surviving BLW Mikados on the roster of the iconic short-line railroad in central Pennsylvania, which has been undergoing a revival since it was bought two years ago by the non-profit EBT Foundation, Inc. On May 17, the boiler and firebox passed a Federal Railroad Administration-mandated hydrostatic test, although typical government jargon doesn’t state it that plainly. The FRA inspector deemed the test to have produced “satisfactory results with no exceptions.” Out of hundreds of staybolts, only four showed minor leakage, an insignificant percentage. (TN)



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**CONNECTICUT GOV. NED LAMONT** announced that effective Tuesday, May 24, 2022, electric trains will begin running on Shore Line East (SLE). The M8 Electric Multiple Units (EMU) have long been awaited by Shore Line East customers and

represent a substantial improvement over the older diesel-powered train sets. Electric trains emit no carbon emissions and include additional amenities for riders, such as electrical outlets at each seat, brighter interior spaces, updated restrooms, higher back seats, and improved luggage racks. The M8 EMU trains have been in service on the New Haven Line for more than ten years and have performed very well. Using electric trains on both the New Haven Line and SLE also holds the promise of future service improvements. (RA)

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**SEVEN MORE OF THE MBTA'S** newest rapid-transit railcars have been found to have improperly installed bolts in brake assemblies, the agency's board of directors learned recently. MBTA General Manager Steve Poftak told the board that six Orange Line cars and one Red Line car had the same issue that led to the breakdown of an Orange Line train on May 19. As a result of that incident, the agency took the 64 Orange Line and eight Red Line cars currently operating out of service for inspections. It had started returning the cars to operation at the end of May. All seven cars have been returned to service, as have 58 of 64 Orange Line cars. The remaining six were scheduled to be inspected by the end of May. The cars are part of an order of 402 cars being built in Springfield, Mass., by a subsidiary of Chinese manufacturer CRRC. The agency will conduct further tests of the cars, and is requesting changes in the assembly process to ensure the bolts are correctly installed in the remaining cars in the order. (TN)

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**THE CANADIAN GOVERNMENT** said on Wednesday that it will spend \$42 million to help fund capacity expansion projects at Port Saint John, New Brunswick, as well as to upgrade rail facilities in Saint John and McAdam on short line New Brunswick Southern. The New Brunswick Southern and its sister short line, Eastern Maine Railway, are Canadian Pacific's connection to Saint John. Transport Canada will spend \$21.16 million improving New Brunswick Southern track, bridges, and turnouts between Saint John and McAdam, which is near the Maine border, as well as on terminal capacity projects in the two communities. New Brunswick Southern, a subsidiary of J.D. Irving Ltd., will contribute the same amount. Transport Canada will spend up to \$21 million to increase capacity at Port Saint John's container terminal. The Saint John Port Authority will contribute \$4.2 million to the project, while the province will kick in \$16.8 million. CP, which last year began regular international intermodal service

to Port Saint John in conjunction with shipping line Hapag-Lloyd, lauded the expansion projects that are being funded through Canada's National Trade Corridors Fund. CP in 2020 acquired short line Central Maine & Quebec, which once formed a part of the Class I's shortcut from Montreal across Maine to Atlantic Canada. CP is spending \$90 million to upgrade the former CMQ trackage, including boosting track speed to 40 mph from 25. CP currently offers intermodal service between Saint John and inland markets that include Toronto, Montreal, and Chicago. (TN)

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**THE MBTA BOARD OF DIRECTORS** has approved the Fiscal Year 2023-2027 MBTA Capital Improvement Plan (FY23-27 MBTA CIP). The FY23-27 MBTA CIP includes over 500 unique capital projects to modernize, expand, and increase the reliability of the MBTA transit network. "With the goal of improving reliability, modernizing the system, expanding capacity and the network, and continuing to make critical safety improvements, the MBTA's five-year CIP is an important document that guides our investment planning," said MBTA General Manager Steve Poftak. "I thank the Board for approving of our CIP, and I thank our riders and the public for participating in this public process and letting us know what kinds of capital investments they'd like to see the MBTA prioritize for investment." (TN)

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**A SECTION OF STANDARD-GAUGE** track is under construction at the 2-foot-gauge Wiscasset, Waterville & Farmington RR, as the organization has been looking for the past three years for just the right diesel locomotive to supplement their trusty #52. A unit to plow snow, pull work trains, handle trains on the Mountain Extension or rescue a stalled steamer. It was decided to seek a small, standard-gauge loco that could economically be modified to meet their needs and found one in February; a 1941 GE 45-ton, side-rod diesel, located in Sunbury, Penna. It will be unloaded to the standard-gauge track and over the next year, or two, the trucks will be overhauled and rebuilt to 2-ft gauge. Then, a new propulsion system utilizing one of its two diesel engines and traction motors will be installed. The entire locomotive, including the cab, will be reduced in width to fit clearances, and its weight will be reduced by about 10 tons. (RP)

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**AMTRAK IS MAKING NECESSARY** infrastructure improvements between Washington D.C. and New York as part of a larger effort to improve the railroad, bring it to a state of good repair and to

enhance the overall customer experience. Amtrak has committed approximately \$130 million for rail improvements, of which over \$55 million will be performed this summer. The railroad has also hired 500 new employees to complete these projects and will continue to hire additional workers. Once complete, these projects will reduce the likelihood of lengthy train delays and significantly improve ride quality for customers. Train schedules have been adjusted to account for this work and to avoid conflicts with other commuter agencies, however, minor delays may be expected. For each project, Amtrak's production team will be working the night shift and heavy production will occur on weekend nights to minimize impacts for customers. (RA)

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**HISTORY:** In 1950, the US Supreme Court, in *Henderson v. United States*, struck down racially segregated railroad dining cars. (Paul Bonanno)

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**THE SURFACE TRANSPORTATION BOARD** will allow a limited number of Amtrak personnel access to raw train data used by CSX Transportation and Norfolk Southern so the passenger operator can run its own Rail Traffic Controller capacity modeling study.

In a decision issued last Friday, the STB also ordered board-sponsored mediation to address the differences between Amtrak, CSX, NS, and the Port of Mobile. As a result of the ruling on the data, submission of supplemental evidence by all parties, a precursor to resuming the long-running hearings on Amtrak's effort to launch passenger service between New Orleans and Mobile, Ala., was pushed back a month, from June 13 to July 13, 2022. (TN)

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**OVERALL ON-TIME PERFORMANCE** for the big four U.S. Class I railroads has fallen from a pre-pandemic average of 85% to just 67% in the last week of May 2022, as crew shortages continue to plague rail service. The extent of the service decline was revealed in historic on-time performance data that BNSF Railway, CSX Transportation, Norfolk Southern, and Union Pacific submitted to the Surface Transportation Board last week. The board last month mandated increased performance data reporting after shippers aired their complaints during two days of rail service hearings in April. The railroads began reporting the more detailed metrics in May, including providing federal regulators with on-time performance figures for the first time. The STB defines on time as carloads and intermodal trains that arrive at their destinations within 24 hours of the original

estimates provided to customers. The railroads' internal trip-plan compliance figures generally are much tighter than what they are required to report to the board, however. (TN)

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**SANTA FE NO. 5704**, the SD45-2 locomotive cosmetically restored to its bicentennial paint scheme, will be displayed at Union Station Kansas City June 14-19 to coincide with the convention of the Santa Fe Railway Historical & Modeling Society on those dates in Overland Park, Kan. The locomotive, which has been donated by BNSF to the Southern California Railway Museum in Perris, Calif., was restored to the red, white, and blue scheme in late 2021 and early 2022 at Mid-America Car in Kansas City, Mo. (TN)



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**NON-POWERED CONTROL UNIT 90200** isn't just any former locomotive that lost its prime mover and traction motors when converted to a glorified baggage car with cab controls. Seen here outside Amtrak's Chicago locomotive shop on June 2, 2022, coupled to an Illinois-owned Siemens SC-



44 Charger, the carbody once was number 200. It is the first of a 30-unit class of 4-axle EMD F40s, delivered in 1976, which ushered in an era of reliably-

powered Amtrak trains for more than two decades. According to "Amtrak by the Numbers" authors David C. Warner and Elbert Simon, 22 of the more than 300 F40s built by the General Motors subsidiary exchanged innards for ballast as a part of their conversion. These "cabbage" cars continue to be the mainstays on Maine's *Downeaster* and Amtrak *Cascades* state-supported regionals in the Pacific Northwest, but have been utilized less and less in recent years on Midwest routes out of Chicago. Their "retirement job" will be complete once new Siemens-built trainsets with cab cars arrive in several years. (TN)

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**PAN AM RAILWAYS** is now a fallen flag. The New England regional officially became part of CSX Transportation on June 1<sup>st</sup>; six weeks after the Surface Transportation Board approved the acquisition. “We are excited to welcome Pan Am’s experienced railroaders into the CSX family and look forward to the improvements we will make together to this important rail network in New England, bringing benefits to all users of rail transportation in the Northeast region,” CEO Jim Foote said in a statement. “This acquisition demonstrates CSX’s growth strategy through efficient and reliable freight service and will provide sustainable and competitive transportation solutions to New England and beyond.” CSX plans to spend more than \$100 million over the next three years to improve Pan Am’s main lines and yards.

The deal adds Vermont, New Hampshire, Maine, and, via haulage rights, Saint John, New Brunswick, to the CSX network while expanding its reach in New York, Massachusetts, and Connecticut. CSX also steps into Pan Am Railways’ shoes in Pan Am Southern, the joint venture with Norfolk Southern that includes Pan Am trackage west of Ayer, Mass., including trackage rights routes along the Connecticut River in Vermont, New Hampshire, Massachusetts, and Connecticut. No date has been set yet for Genesee & Wyoming’s Berkshire & Eastern to begin operating the Pan Am Southern, according to a G&W spokesman. As part of an agreement between CSX and NS, the Berkshire & Eastern will be the designated neutral operator of the Pan Am Southern. For now, Pan Am Southern continues to be operated by Pan Am Railways subsidiary Springfield Terminal. Berkshire & Eastern still must reach agreements with rail labor before it can take over as neutral operator. NS also will shift its daily Chicago-Ayer intermodal trains to a faster and fully cleared route over new CSX trackage rights from the Albany, N.Y., area to Worcester, Mass., and then to Ayer via a combination of Providence & Worcester, Pan Am Railways, and Pan Am Southern trackage. The trains currently run via the Pan Am Southern route, the former Boston & Maine via Hoosac Tunnel. But before NS can use its new trackage rights, it must first build a new connection track linking its Voorheesville Running Track with CSX’s Selkirk Subdivision at Voorheesville, N.Y., where the Delaware & Hudson and New York Central once crossed at grade. Several clearance projects also must be completed north of Worcester. The projects are not expected to be completed until the fourth quarter at the earliest.

Pan Am, a privately held company owned by Tim Mellon and other investors, went on the market in 2020. CSX’s bid beat two other suitors who were interested in acquiring the largest regional railroad in North America. Including haulage rights, Pan Am stretches 1,700 miles from the Albany, N.Y., area to Maine. It includes the former Maine Central, Boston & Maine, Portland Terminal, and Springfield Terminal railroads. Pan Am connects with four Class I railroads — CSX, Norfolk Southern, Canadian National, and Canadian Pacific — and 14 short lines. CSX connects with Pan Am at Rotterdam Junction, N.Y., on its former New York Central Water Level Route, and outside of Worcester, Mass., via its former Boston & Albany main line, which is far and away the busiest freight route in New England. Pan Am entered the rail business in 1981 when the company, then known as Guilford Transportation Industries, purchased the Maine Central for \$15 million. Two years later, Guilford purchased the bankrupt Boston & Maine for \$24.5 million. Guilford acquired the Delaware & Hudson from Norfolk & Western for \$500,000 in 1984, but cast it off into bankruptcy in 1988. Guilford Rail System was rebranded as Pan Am in 2006. Despite the long-term decline of Maine’s paper and forest product industries, as well as manufacturing across New England, Pan Am and Guilford managed to turn a profit every year. Terms of the CSX-Pan Am deal were not disclosed, although people familiar with the matter said the purchase price was approximately \$700 million. (TN)

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**JUNE 1 MARKS 40 YEARS** since Southern and Norfolk & Western tied the knot and became Norfolk Southern.

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**THE NEW YORK CITY TERMINAL** for Long Island Rail Road’s East Side Access project has a new name: Grand Central Madison. The long-delayed, \$11.2 billion project to build a new LIRR station in midtown Manhattan, deep beneath Grand Central Terminal, received the new name in a Tuesday press conference featuring New York Gov. Kathy Hochul. It is meant to evoke both the Grand Central location and the Madison Avenue corridor it helps serve. Hochul said the new service will be “a game-changer for Long Island, allowing the LIRR to dramatically expand service and operate more reliably for commuters, and reducing overcrowding at Penn Station. (TN)

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**GLASGOW, SCOTLAND** — Perhaps the next train was a milk run. Rail operator ScotRail posted



photos on its Twitter account Monday of a cow which had escaped from a field and ended up on the platform of a Glasgow station, setting off a pun-filled exchange between the rail company and its Twitter followers, one of whom suggested the creature apparently “had a beef” with the company. When followers asked about the condition of the cow, ScotRail reported that it “came in, ate some plants, had a wee wander, licked his reflection in the shelter, and made his way back to the field.” The person minding the social media account also reported the fence at the field had been secured, and closed reporting of the incident by writing, “Well, I’ve milked the jokes out of this one. I’m udderly done with it. It’s now pasture bedtime ...” (TN) Did Paul Agnew write this?-Ed.



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**AMTRAK PASSENGERS CAN NOW TRAVEL** even faster on Acela as recent infrastructure improvements along a 16-mile segment of track between New Brunswick and South Brunswick can accommodate speeds of up to 150 mph. This project is part of the New Jersey High-Speed Rail Improvement program and a \$450 million investment by U.S. DOT, and the first of many speed upgrades anticipated in the Northeast Corridor that lays the framework for future trip time reduction and improves the reliability of intercity and commuter services on one of the most heavily used sections of the NEC. (RA)

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**TO IMPROVE SAFETY** for the Greater Boston Area’s rail transit system, the U.S. Department of Transportation’s Federal Transit Administration (FTA) issued a series of special directives to the Massachusetts Bay Transportation Authority (MBTA) and the Massachusetts Department of Public Utilities (DPU), the state agency responsible for safety oversight of the MBTA’s rail transit

operations. A special directive is an order from the Federal government that requires an FTA-regulated transit agency or oversight organization to take immediate action on safety issues within a specific period. The special directives being issued today—four of which are being issued to the MBTA and one to the DPU—are a result of the FTA’s safety management inspection of the MBTA that began April 14, 2022, following several incidents that resulted in one fatality and several injuries to passengers and employees on MBTA’s transit rail systems. These special directives require the MBTA, the MBTA Board of Directors, and the DPU to work together to remedy safety concerns and improve the MBTA’s safety culture. “Safety is our number one priority and must be the primary focus for the MBTA and the DPU,” said FTA Administrator Nuria Fernandez. “Every transit passenger deserves a safe ride. Every transit worker deserves a safe workplace. The MBTA must immediately take action to improve its safety procedures for its passengers and workers.” FTA underscores that transit riders in the Boston area should not interpret the special directives issued today as a reason to avoid the MBTA subway or light rail. Rather, FTA’s actions provide system-wide measures to fix longstanding issues with the agency’s overall safety program and culture. (RA)

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**HUNDREDS OF THOUSANDS** of MBTA riders already worried by the system’s bleak safety performance got more bad news on the 17<sup>th</sup>, when the T announced plans to run fewer trains on the Blue, Orange, and Red lines on weekdays because it doesn’t have enough dispatchers to safely staff subway operations. The changes go into effect Monday, with the T essentially adopting its Saturday schedule and its longer wait times between arriving trains, for the entire work week. There will be no changes to Green Line service, the MBTA said, and weekend service on the Blue, Orange, and Red lines will remain the same. The Commuter Rail is not affected by the changes. The service cuts are the latest setback for the MBTA, which has struggled to run the subway system safely and effectively despite years of public pressure to improve, extra funding for capital projects, and low ridership levels during the pandemic. They are also a direct response to orders from the Federal Transit Administration, which has been investigating T operations since a series of accidents, including the death of one rider, occurred over a short time period recently. (BG)

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**AMTRAK'S** *Ethan Allen Express* will extend service from its current northern endpoint of Rutland to Burlington, Vt., with additional stops in Vergennes and Middlebury, as of July 29, 2022, the Vermont Agency of Transportation has announced. The extension follows extensive work to upgrade track infrastructure between Rutland and Burlington to accommodate higher train speeds. The new schedule will depart Burlington at 10:10 a.m. daily, arriving at New York's Penn Station at 5:45 p.m., while the northbound train will leave Penn Station at 2:21 p.m. daily and arrive in Burlington at 9:55 p.m. (TN)



**THE LARGEST CHICKEN PRODUCER** in the western U.S. has asked federal regulators to issue an emergency service order that would direct Union Pacific to prioritize corn shipments that thousands of dairy cattle and millions of chickens and turkeys depend upon. "The point has been reached when millions of chickens will be killed and other livestock will suffer because of UP's service failures," Foster Farms wrote in its request to the Surface Transportation Board. Foster Farms' facilities in Traver and Turlock, Calif., rely on 100-car unit trains of corn that originate in the Midwest. The company produces feed from the corn, which is then distributed to dairy farms, Foster's chicken and turkey farms, and other poultry producers. "These service failures, which began in February 2022, have resulted in numerous instances where Foster Farms has suspended its production and distribution of feed for tens of thousands of dairy cattle and tens of millions of chickens and turkeys which consume corn meal supplied by Foster Farms," the company told the STB. "It has also resulted in Foster Farms incurring considerable costs in an increasingly desperate and futile attempt to try to find alternative means and transportation modes to obtain and ship the huge quantities corn its facilities must have each week that UP delivered in the past with reasonable regularity but has demonstrated, without any doubt, that it can no longer do so for the indefinite future under its current operating plans and priorities." (TN)



**AMTRAK WILL ADD** a second daily *Northeast Regional* departure from Roanoke, Va., as of July 11, creating a schedule with morning and afternoon trains in both directions between Roanoke, Washington, and other Northeast Corridor destinations. Amtrak revived service to Roanoke in 2017. (TN)



**METRA IS BRINGING BACK** special Saturday summer service it introduced on its Heritage Corridor route last year, offering residents to explore communities and recreational opportunities along the line which normally only sees weekday service. The "Rails, Trails, and Ales" excursions will operate on 10 consecutive Saturdays beginning July 2, with three round trips each day, departing Chicago Union Station at 10:30 a.m., 4:15 p.m., and 8 p.m., and from Joliet at 8 a.m., 1:45 p.m., and 6:30 p.m. All trains will include Metra's bike cars. "Summer is a great time to explore the entire Chicago region and adding this special excursion service is an affordable way for My Metra riders to explore some areas that aren't normally served by trains on weekends," Metra CEO/Executive Director Jim Derwinski said. "Bring your bike on board and ride a bike path. Check out a weekend festival. Ride a zip line. There are scores of possibilities along the Heritage Corridor Line." (TN)



**FACING HIGH FIRE DANGER** and a water emergency in the village of Chama, the Cumbres & Toltec Scenic Railroad has delayed the start of its 2022 season to July 1. The tourist railroad had been scheduled to open its season June 11. A message on the railroad website says the move was made "out of an abundance of caution and in the highest regard for the railroad's stewardship of the land where we operate. In 50-plus years of operation, the C&TSRR has maintained an excellent fire safety record and established a hard-earned reputation for a proactive and vigorous approach to fire safety."

Meanwhile, the Albuquerque Journal reports the village of Chama is without water after an apparent break in the community's main water line. Mayor Pro Tem Matthew Gallegos told the newspaper, "We have no water in our tanks. We need help." A state-supplied water truck was on hand recently, allowing residents to fill water containers, but the truck left later that week, leaving residents with no water source. Village councilor Scott Flury said he feared for the health of elderly residents, and the potential impact on the community's tourism industry. "There's not a date we can give you to say you'll have water to resume business," Flury said. "It's a scary situation."



**THE CANADIAN PACIFIC HOLIDAY TRAIN** will expand its route this year, adding at least one stop in Maine. The addition reflects CP's 2020 purchase of the Central Maine & Quebec Railway, in which it regained a route across Maine it had previously sold as part of reestablishing access to the port of

Saint John, New Brunswick. The Daily News said the train will make a stop in Brownville. CP spokesman Andy Cummings told the newspaper the railroad is “looking at multiple locations” in the state, but the schedule won’t be released until October. The holiday train — which raises funds and donations for food banks through a series of concerts along CP lines in the U.S. and Canada— was sidelined because of the COVID-19 pandemic in 2020 and 2021. Instead, the company held online concerts; the 2021 effort raised \$1.7 million and about contributions of about 112,000 pounds of food. (TN)

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**AMTRAK HAS EXERCISED AN OPTION** with Siemens Mobility for an additional 50 ALC-42 (“Amtrak Long-Distance Charger, 4,200 HP”) diesel-electric locomotives, bringing the total contract value to \$2 billion, including supplemental multiyear maintenance support. The amount also includes about \$850 million in funding set aside when the initial order of 75 units was announced in 2018. The EPA Tier 4-compliant, AC-traction ALC-42 primarily replaces Amtrak’s General Electric-built “Genesis” P40 and P42 diesel-electric locomotives, which have a lower maximum operating speed (110 mph vs. 125 mph) and entered service under less-stringent emissions standards almost 30 years ago. Powered by a Cummins QSK-95 16-cylinder prime-mover and equipped with SCR (selective catalytic reduction) emissions control gear, the ALC-42 reduces NOx (oxides of nitrogen) and PM (particulate matter) by more than 89% and 95%, while consuming less fuel than the locomotives being retired. (RA)



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**AMTRAK HAS ONCE AGAIN SPLIT** the positions of chief executive officer and president, with CEO Stephen Gardner announcing the appointment of Roger Harris as president and the promotion of Gerhard (Gery) Williams to executive vice president, service delivery and operations. Gardner had become president and CEO in January following the announced retirement of Bill Flynn

after 21 months as CEO. The appointments are effective July 5. “Amtrak has entered an exciting new era of growth and development, with more opportunities than ever before,” Gardner said in a press release, adding that the new appointments by the Amtrak board “will help the company accelerate our progress in recovering, growing and transforming the business.” Harris has served as chief commercial officer since April 2019. As president, he will report to Gardner and lead coordination of operations, marketing, customer service, network planning, and other functions.

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**WHERE ELECTRIC-POWERED** freight trains once rumbled high above the Susquehanna River en route between the East Coast and Midwest, hikers, bikers, and runners now catch breathtaking views of soaring bald eagles from the 150-foot-high Safe Harbor trestle. Opened earlier this month to public use as part of the planned 29-mile-long Enola Low Grade Trail, the bridge was restored at a cost of \$9 million in federal, state, local, corporate, and private-citizen funding. Spanning the Conestoga River, a tributary of the Susquehanna, the quarter-mile-long curving steel bridge offers a panorama that includes the Safe Harbor Dam and hydroelectric plant, which generates some of the 12,000-volt AC power that Amtrak uses to energize catenary for electric locomotives on its Keystone and Northeast corridors.

Listed on the National Register of Historic Places, the Safe Harbor bridge was a centerpiece of the Pennsylvania Railroad’s double-track Atglen & Susquehanna Branch, also known as the Enola Low Grade line, part of an extensive early-20th-century, low-grade, freight-only bypass route to manage a flourishing volume of business. Integral to the plan was the construction of PRR’s 4-mile-long Enola Yard near Harrisburg, Pa., which, together with other connecting PRR lines, anchored

the west end of the A&S route. The bypass and the yard were built under the same management — PRR Chief Engineer William Henry Brown and contractor H.S. Kerbaugh, Inc. In 1989, changing economics and a de-emphasis on Enola as a classification yard led successor Conrail to divert all



The 150-foot-high Safe Harbor (Pa.) Bridge, has been repurposed for public trail access. The lower bridge carries Norfolk Southern's still-active Port Road Branch. (Dan Copper)

freight traffic onto a former Reading Co. route and to abandon the A&S. Ownership went first to Norfolk Southern, and then to seven contiguous townships along the right of way. (TN)



**I ENJOYED THESE ARTICLES** in this month's RR magazines and can suggest them to you:

**TRAINS**

Lessons from Montana Rail Link

**MODEL RAILROADER**

Modeling Model Clearance

Montreal to Toronto...via the VIA

Trains of Thought

Tracks in the Street

**RAILROAD MODEL CRAFTSMAN**

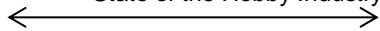
Mojave Northern Rock Car Build-up

Craftsman Workshop

Working with Stencils

Diverging Points

State of the Hobby Industry



News sources: Boston Globe, Boston Herald, Trains "Newswire", Railway Age, Railpace Newsmagazine, RRE "Callboy", "The 470", Patriot Ledger, Rail Passenger Assoc.

**LIBRARY CORNER**

**New books will be displayed on the table in the Break Room for a month and can be checked out, by using the check-out sheet on the Break Room counter. They will be filed alphabetically in the Library afterwards.**

New this month:

**Alco Treasury** by Steve Barry and Otto M. Vondrak; published 2022 by White River Productions. 96-page, soft-cover book loaded with mostly color photos and stories about Alco locomotives, especially unusual ones. I loved "The Elusive Hammerhead", which is the history of the ugly RS-3 equipped with both steam generator and dynamic brakes. Originally purchased by the WM (4), the CNW followed with three and the PRR with one. Donated by Dave Clinton

**Rails Under the Mighty Hudson** by Brian J. Cudahy; published 1975 by the Stephen Greene Press. 80-page, hard-cover book about the history of building the Hudson & Manhattan Railway "Hudson Tubes" under the Hudson River and then the PRR Tunnels under the river between NJ and Pennsylvania Station. White Elephant Table donation

**New Haven in Color--Volume 3** by Geoffrey H. Doughty; published 2005 by Morning Sun Books. 128-all color book is subtitled "Into the Abyss—The Bankruptcy Years 1961-1968". Great reference of the New Haven's "latest" equipment, including the three "experimental" trains the New Haven tried in the mid-60s. A nice addition to our collection of New Haven RR books! White Elephant Table donation

**Don't forget we have a great DVD collection in the mailroom.** Filed alphabetically. No need to sign out but please return to the book return tray in the Break Room when you're done. Happy reading and viewing!

Dave Clinton, Librarian

**DCC & EQUIPMENT TUNE-UP CLINIC**

Two members attended this month's clinic—one just an "observer".

## MEMBER NEWS

**Savery Moore** is recovering from his leg surgery and hopes to be back to the Club early next month. We look forward to seeing you, Savery!

(Note: The "Health & Welfare Committee", Ye Ed, would like to hear of any member who is ill, hospitalized or special occasion news, so we can keep the membership advised of these happenings.)

### BIRTHDAY CELEBRATIONS

The following members have made it through another year and deserve congratulations on their special day:

#### JULY:

Bryan Miller ..... July 10<sup>th</sup>  
Fred Lockhart ..... July 11<sup>th</sup>  
Roy Colella ..... July 18<sup>th</sup>



#### AUGUST:

John Roberts ..... August 2<sup>nd</sup>  
Jim Ferris ..... August 14<sup>th</sup>  
Kurt Kramke (H) ..... August 16<sup>th</sup>  
Al McCarty ..... August 20<sup>th</sup>  
Bill Roach ..... August 26<sup>th</sup>

### PROJECTS

From **Kurt Kramke**, concerning his installing traction: "Some photos of my progress. I still have to



build and place the wood cover of the third rail. I have setup the reverse sections using Circuitron system. I've added the wood protection. The interurbans are Chicago, Aurora, & Elgin from Soho and

include Stanton drives from NWSL. They used third rail in sections of the line."

**Paul Cutler III** is the proud owner, finally, of a new, sub-compact Kubota tractor, after managing to get 35+ years of use from his Wheelhorse garden tractor. Good luck and now you can have "fun" doing the work, Paul!

**Tom Ross** brought his B&O 4-6-0 "ten-wheeler" by Bachmann for a decoder installation. Luckily, it had an 8-pin socket, so the DZ123PS fit right in. Next was a British Railway's 2-10-0 "Decapod", which also had an 8-pin socket. Since he had running issues with a recent Beyer-Garratt South African Railways loco, made by the same manufacturer, he was able to swap the decoder out of that 2-6-0+0-6-2 locomotive and successfully powered the Decapod. This whole fun time was observed by one of our newest members, **Jeff Griesemer**, who said he'd bring one of his locos to the next clinic.



Thanks to **Paul Cutler III** for his assistance with some of the problems encountered, especially with the Beyer-Garratt.

The next clinic will be Thursday, July 14<sup>th</sup>. Please feel free to email or speak to me with any questions about the clinic.

## EDITOR'S NOTES

- 1. Increased dues and locker fees** were voted at the Annual Meeting. We have had the same dues and fees for the past five years, so increases were necessary to support Club expenses. Dues are now \$35/month and the locker fee is now \$22/unit. Based on size, some lockers are considered as large as 4 units, so their cost would be \$88/yr. The list of lockers and unit size is on three bulletin boards at the Club.
- 2. The Storage area** upstairs behind the Library was cleaned up, during several sessions recently. It is much more manageable and helpful for the White Elephant Table folks now. Thanks to all who assisted with this project!
- 3.** This is our "Summer Issue", giving our **editors some "time off" until the end of August**, when we'll issue Volume 42 #8. If you do anything involving trains or railroading this summer, please consider sharing your story and experiences. Take pictures, too!

.....*David N. Clinton*

"Blessed are those who trust in the Lord, whose trust is the Lord." (Jeremiah 17:7)



## RUNNING EXTRA

# VIA Rail's Existential Problem? It Never Existed

by David Thomas, Canadian Contributing Editor, [Railway Age](#).

Cynthia Garneau on May 20 gave up VIA Rail Canada leadership with two years remaining in her nominal tenure. The former VIA Rail CEO quit, according to informed speculation, because Transport Canada scooped up VIA Rail's scheme for a high-frequency rail (HFR) service on dedicated tracks linking Quebec City, Montreal, Ottawa and Toronto.

In VIA Rail-speak, "the Shareholder" is Transport Canada, not the people of Canada. VIA Rail simply does not exist as an autonomous entity with its own parliamentary charter under which the CEO can actually make decisions and do deals. VIA Rail is technically a "crown corporation," but one that reports to the Minister of Transport, not to parliament, which has never once voted on its very existence let alone a vision for growth. VIA Rail is merely a branch of a secretive and largely incompetent department that has been repeatedly chided by Canada's information commissioner, auditor general and Transportation Safety Board.

Amtrak, in comparison, operates under the congressional Rail Passenger Service Act of 1970, which assumed private railroads' obligations to operate passenger services in exchange for the railroads providing priority status to Amtrak trains. Whether you like the service or not, Amtrak does exist as an independent legal entity.

VIA Rail does not. CN and Canadian Pacific have no legal obligation to prioritize VIA Rail's passenger

trains over their own freight trains. Sometimes, CN orders VIA Rail's flagship *The Canadian* to reverse to a distant passing track to make way for CN trains. (I was on one of those reverse movements in 2015 on my way to an interview with VIA Rail's previous CEO Yves Desjardins-Siciliano, in which he revealed VIA Rail's vision for a dedicated passenger corridor.) Desjardins-Siciliano carried the stigma of being appointed by a previous Conservative government and was replaced by Garneau, an aerospace executive with no rail or passenger-carrying experience but considered friendly to the Liberal government of Justin Trudeau. The CEO appointment is nominally a five-year term, but that can be abbreviated at the whim of the governing party.

Garneau's own writing-on-the-wall was the announcement in March by Transport Minister Omar Alghabra that he was assuming entire control of the HFR project. Garneau didn't even attend the media event. So, if it can possibly happen under the direction of Canada's worst federal department, HFR will be separate from VIA Rail, giving the country two less-than-stellar passenger rail services instead of just one.

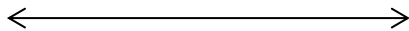
Garneau was right to quit (perhaps with a not-so-friendly push from the Minister). VIA Rail believed in its project and, like motivated Ukrainian fighters, could well have succeeded. Instead, HFR has been handed over to a top-down Russia-style bureaucracy with a proven record of failure in everything it touches:

- Lac-Mégantic and the succession of oil train explosions that followed while Transport Canada tried to cover up its role.
- Airline chaos throughout the pandemic panic including forcing arriving passengers to use contaminated touch-screens to make customs declarations (I was there for that too).
- Allowing Quebec's rapacious Caisse de dépôt et placement to take over Montreal's Central Station and Mount Royal tunnel for its own regional rail commuter system, effectively choking off VIA Rail's HFR access to Montreal.

Transport Canada may have done some things right, but none come to mind. HFR had looked like the last best hope for modernizing passenger rail in Canada. Garneau's departure shows that she herself is no longer a believer. The one certainly in Transport Canada's assumption of full control over HFR is that the new rail service either will never happen, or, if it does, it will be a fiasco.

The best thing now may be to dissolve VIA Rail entirely and look for Brightline-type investors to return Canada's passenger rail to fully private ownership. The country's 45-year attempt to run a railway as a branch of a third-rate government bureaucracy has failed, utterly.

*(David Thomas is a reporter who has covered government and society since graduating from Ottawa's Carleton University with degrees in political science and journalism. He has written for National Geographic, Maclean's, The Globe and Mail, The Gazette, and The Canadian Press news agency from postings in Ottawa, Montreal, Quebec City, Toronto, and London, England. "Railroading has been a personal fascination since a childhood timed fortunately enough to witness the golden years of steam on the late-to-dieselize Canadian National and Canadian Pacific," he says. The opinions expressed here are his own.)*



## How Wall Street holds railroads hostage: Analysis

By Bill Stephens, [Trains Magazine](#) | June 21, 2022

**Focus on operating ratio inhibits volume growth, hurts service, and prevents share gain from highway**

The U.S. Class I railroads' recurring crew shortages, related bouts of service problems, and a lack of meaningful volume growth are intertwined. You can lay the blame for all three problems at just one place: Wall Street. BNSF Railway, CSX Transportation, Norfolk Southern, and Union Pacific are in the midst of the mother of all crew shortages. The lack of crews has caused congestion, which in turn has slowed the network and sent operations into a downward spiral that requires even more crews.

So transit times are up. On-time performance is way down. Angry shippers are diverting loads to trucks. And frustrated regulators are demanding answers. There's no doubt that current crew shortages are exacerbated by pandemic-related changes in the labor market. It's equally certain that the railroads' operational changes and onerous attendance policies have prompted many longtime engineers and conductors to pull the pin, further thinning the crew ranks.

But we've seen this movie before. Over the past decade, service has suffered due to crew shortages three times each at BNSF and CSX, four times at UP, and five times at NS, according to a tally by Loop Capital Markets analyst Rick Paterson. "It cannot be all bad luck," Paterson told the Surface Transportation Board during its rail service hearings in April. He's right. The culprit is a persistent failure to keep a sufficient cushion of crews on hand to ensure that a railroad can recover quickly from unexpected surges in traffic or extreme events like hurricanes, cold snaps, and wildfires. And the reason

railroads don't keep that capacity buffer? The Cult of the Operating Ratio, as analyst Anthony B. Hatch calls Wall Street's hyperfocus on the key efficiency metric. This short-term focus means railroads aim to keep costs at a bare minimum and reduce them every year — even if it jeopardizes service over the long term. Paterson notes that since gaining pricing power in 2004, railroads (except BNSF) have used a simple and wildly successful financial formula: Raise rates faster than costs and never mind volume growth. This pushed Class I operating ratios from the 80s to the 50s and ushered in a Golden Era for railroad investors.

The party is over. Investors still push for lower operating ratios, but there's not much juice left to squeeze. If your operating ratio is 80, a 1-point improvement will boost your bottom line by 7%. Now with an operating ratio in the 50s, a 1-point improvement nets just a 3% rise in income, Paterson says. And this focus on reducing costs and raising rates has left railroads with a hangover. Since 2004 U.S. rail traffic has grown just 0.6%, even as industrial production has risen 13%, trucking tonnage is up 40%, and overall economic output has doubled.

The only way to boost earnings now is to gain volume by taking market share from trucks. Yet investors want railroads to maintain low operating ratios. This leaves railroads stuck between the proverbial rock and a hard place.

First, much of the traffic they could pursue comes with an operating ratio that's higher than what's currently moving on rails. So the new business would raise the operating ratio. Second, railroads need to provide consistent service for several years before shippers will trust rail enough to shift volume off the highway. This raises costs, too, because it means doing things like keeping more crews on hand. So a growth-minded railroad's operating ratio would rise 3% to 5% before it could land enough new volume to move the earnings needle, Paterson says. And that spells trouble. Many investors are impatient and can't wait years for real volume growth to materialize. In the interim, an activist investor might come in and demand management change — much like what happened at Canadian National last year.

There's no clear way for railroads, Wall Street, or regulators to break the Cult of the Operating Ratio. So we're likely to continue to see what Paterson calls a pattern of roller coaster service that rises and falls with crew levels. Canadian Pacific, Canadian National, and Kansas City Southern escaped crew shortages, and their service has held up as traffic has come back from the pandemic lows that prompted all railroads to furlough crews. "You never take it all the way to the bone," CP CEO Keith Creel told an investor conference last month. It's a lesson, he says, that the other Class I's have learned the hard way.





On the Gaspé Peninsula in Quebec Province.

