



NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

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RETURN REQUESTED

Needed: More Rail Freight

NARP HONORS REP. COUGHLIN



—NARP Photo by Cable Risdon

At NARP's annual Washington reception Apr. 20, NARP Pres. John R. Martin presented Rep. Lawrence Coughlin (R-PA) with NARP's George Falcon Golden Spike Award. Above, Coughlin is flanked by (from left) NARP Vice-Pres. Eugene K. Skoropowski, Exec. Dir. Ross Capon, and Pres. John R. Martin, and Amtrak Asst. Vice Pres.—Government and Public Affairs Thomas J. (Tim) Gillespie.

Martin cited Coughlin as "a strong defender of Federal funding for Amtrak and mass transit during the most difficult years those programs have faced. As ranking Republican on the House Appropriations Subcom. on Transportation, Rep. Coughlin regularly defends the concept of balanced transportation and adequate funding for rail passenger service. Amtrak's success and the growing realization that mass transit and Amtrak can help America solve difficult environmental problems prove the wisdom of Rep. Coughlin's efforts."

In accepting the award, Coughlin commended NARP for its "diligence and support in working with Congress for equitable funding for mass transit." He expressed appreciation for NARP's dedication to balanced transportation and emphasized his own commitment to the same goal. He praised the Amtrak management team headed by W. Graham Claytor Jr., expressed optimism about Amtrak's future, and said the subcommittee would try very hard to provide the Viewliner funding Claytor requested.

The award was presented Apr. 20 at the NARP board reception at Adirondacks restaurant in Washington's beautiful Union Station.

Would Separate Track and Train Companies Help?

The case for more freight trains and fewer big trucks seems obvious. Trucks inflate highway maintenance costs without paying full cost responsibility. Trucks make roads more dangerous, and increase our dependence on imported oil. (Trains are more than 3 times more energy efficient than trucks, according to the Oak Ridge National Laboratory.)



Rail Securities Analyst
Isabel H. Benham

We have previously covered the big subsidies trucks enjoy (see especially "Heavy Truck Subsidies," April '86), subsidies that threaten to keep growing (see "Claytor Will Fight Bigger Trucks" on p. 3).

Other factors also push freight onto highways. Isabel H. Benham, veteran analyst of railroad stocks and head of New York's Printon, Kane Research, thinks one such factor is having track and trains owned by the same companies—companies that often have more to gain, at least in the short run, by trucking freight beyond their own lines than by sharing revenues with each other.

Separate Track and Train Ownership

In a Feb. 6, 1987, talk to the Association of Transportation Practitioners' Chicago chapter, Benham proposed "that today's railroad corporate entity be split into 2 parts so that each may be able to capitalize to the fullest extent on its particular asset and its inherent functions.

"One corporate entity would be *The Railroad*, which would own the rail right-of-way, maintain it and rent it out on a fee basis. The other . . . would be *The Transportation Company* which would own, operate and maintain the equipment and other facilities needed for transportation purposes. It would be solely a 'transporter' of goods," just as motor carriers and airlines are.

Allowing rail "transportation companies" to use any tracks might enable:

- all rail freight shipments (not just steamship-company-controlled stack trains) to use more direct routes, unhampered by differences in track ownership;

- more freight to shift from road to rail, since it would be easier to run freight on the most direct rail routes; and

- intermodal rail freight to stay on the rails longer (i.e., instead of crossing Indiana by road or using congested I-95 Washington-Philadelphia, as in the examples below).

Also, since new carriers would need only to acquire rollingstock (which could easily be financed), there would be more people willing to play and more innovative services.

Concerns About Separating Tracks and Trains

Initial industry reaction to Benham's plan was predictably hostile. People hate suggestions to reduce their power. "Railroads have guarded their private rights-of-way jealously. They not only own and maintain the tracks, they control all movement over them and, with the exception of a few joint trackage agreements, forbid anyone else running trains over their lines" (*The Journal of Commerce*, Apr. 20).

Rail industry officials fear Benham's plan might be misinterpreted as an endorsement of shipper-sponsored proposals to force some railroads to allow other railroads to use certain track segments, while severely limiting the track-owners' ability to set terms of compensation. Benham assumes track companies would have maximum rate-setting freedom—and transportation companies created by existing railroads would enjoy the same freedoms as their newly-created competitors.

Also, the status quo gives rail labor extraordinary power since almost every rail line is controlled by only one carrier (and one set of union contracts); other lower-cost carriers are excluded. (We think the status quo also benefits lower-cost truckers and thus means fewer rail jobs. Some labor officials say rail freight market-share can't grow and lower costs would simply mean higher railroad profits.)

Rail passenger advocates should also be cautious, since some Amtrak routes might not survive as mainlines if all freight carriers could pick the most direct route.

But Change is Clearly Needed

The fact remains, however, that much rail-controlled trucking is on congested urban highways and helps justify more road construction that ultimately hurts railroads.

- The road lobby uses heavy truck traffic between Potomac Yard (a big Alexandria, VA, rail yard) and points north to help justify a controversial, costly Baltimore-

SUPPORT FOR BENHAM

"Rail-to-truck . . . can be efficient. And it can boost the short-term bottom line for individual rail companies.

"But it also supplants good rail-to-rail opportunities, and the industry's own long-term future.

"Case in point: Potomac Yard, just south of Washington, DC. Inbound freight arrives there destined for Baltimore, Philadelphia, and points north in America's most crowded corner. Does it go by rail? Not on your life.

" 'You can watch the trucks roll out of the yards, and onto the Capital Beltway,' one U.S. civilian Naval transportation official says. 'The trucks crowd the Beltway, creating massive jams—and spurring the call for more highways, which would drain even more traffic from the railroads.' "

—Douglas John Bowen, Senior Editor,
in *Inbound Logistics*, Nov.

BENHAM CITES ADVANTAGES OF "SEPARATION"

"The rails' franchise to operate over its tracks is the most valuable asset of the rail industry but it is the asset least utilized because of the industry's structure. [Ending common ownership of track and trains would] provide a means for increased utilization of the railroad's right-of-way. . . .

"The market reach of a rail company would no longer be limited by its track structure; its service capability would not be hampered by a connecting carrier's service capability (on-time performance, train scheduling, etc.). . . . Ease of access should attract many new users to rail transportation as the rail transporter capitalizes on the inherent efficiency of the steel wheel on the steel rail.

"Another advantage of the proposal is that it puts the burden of raising capital on two separate entities. For the rail owner, capital costs would be small as the rail roadway is already funded and new tracks are not being built to any important extent. For the transportation company, equipment ownership could be minimized as volume business under contract increases and as the shipper tends to own the equipment.

"New equipment designs could be more easily initiated, particularly the concept of 'trains', not cars and locomotives, moving as total entities. Moreover, the financing cost of the transporter would be low due to the unique characteristics of equipment obligations."

—Isabel H. Benham, Feb. 6, 1987

Richmond Interstate bypass around Washington, DC, (enthusiastically supported by *The Washington Post*) which would increase truck competitiveness in many more markets.

[One of the selling points of Norfolk Southern's (NS) ill-fated attempt to acquire Conrail was the fact that NS rail freight to/from the South would have stayed on the rails all the way instead of using crowded highways north of Potomac Yard.]

- NS offers double-stack container trains to Welland, Ontario. NS "tried negotiating with CN or CP to get its cargo the remaining 40 miles into Toronto by rail, but both carriers rejected the notion" (*J of C*, Sep. 7, 1988). All those NS trucks may help make the case for more Canadian highways that would increase truck competition with CN/CP!

- Santa Fe (SF) has intermodal ramps at Indianapolis, Columbus, and Cincinnati; trucks haul freight to/from SF's Chicago "railhead," making Indiana highways more dangerous and costly and reducing chances for modern Amtrak service there. (Under current industry structure, segmented ownership of the best Chicago-Indianapolis route—the one Amtrak uses—is an obstacle to rail freight in these markets.)

- Containers are now trucked between Boston, one of the nation's most truck-dependent big ports, and stack-train terminals at Worcester and Palmer, about 40 and 70 miles away, respectively, much of it over commuter-jammed highways.

Railroads will never capture a lot of shorter-haul intercity freight moves more convenient to Interstate highways than to rail terminals, but much other freight now on the highways *should* be on the rails.

Furthermore, recent trends suggest railroads need change just to keep what they've got: truckers are likely to become even more competitive, while the explosion of railroad

A BRITISH TRACK COMPANY?

“[Transport Secretary Paul Channon] conceded . . . that the railways would be returned to the private sector only if the government was convinced that better service would be provided to passengers than at present. . . .”

“Mr. Channon listed four possible ways in which British Rail could be sold off. . . . One . . . alternative would be a vertical separation of the railway industry with the track owned by one authority and separate companies running the trains. . . .”

—*The Journal of Commerce*, Oct. 31, 1988

SEPARATE TRACK OWNERSHIP FOR REAL COMPETITION?

“There is a need to consider introducing greater competition in the provision of rail-freight services. To [realize] the benefits that could come from opening up entry to competitors with new and innovative ideas for rail carriage . . . it is necessary to appreciate the differences between the provision of rail infrastructure and the provision of rail carriage. The former requires regulation or public ownership, like any natural monopoly.

“Rail carriage, on the other hand, is a potentially competitive activity that does not require major investments in specialized or highly durable capital facilities. Thus there are no natural barriers to entry into the rail-carriage segment of the industry.

“There is, we believe, considerable merit in [establishing] a public track authority based on the infrastructure of Canadian National. All potential carriers would apply to the new authority to provide a specified service on the ‘public track. . . .’”

—“Minding the Public’s Business,”
1986 report by the Economic Council of Canada,
a “think tank”

company debt threatens the ability of many railroads to make the capital investments necessary for the railroads to remain competitive.

Some Positive Developments

● “At its customers’ behest,” Conrail is offering container-on-flatcar service from Beacon Park Yards, “40 miles closer to Boston and its port than Worcester, where major intermodal operations have recently sprung up” (*J of C*, May 19).

● UP is considering converting the former MKT Ney Yard in Ft. Worth to handle intermodal shipments now trucked 47 miles from Mesquite Yard east of Dallas.

● NYK Line (North America) Inc., a shipping company, says it cut running times of its transcontinental double-stack trains from about 8 days to about 5½ “by moving to a new rail terminal in New Jersey. . . and by rerouting its trains on a different combination of railroads east of Chicago. . . . Dan Smith, a rail consultant at San Francisco-based Manalytic Inc., says the NYK achievement is in some ways more impressive than [the equally-fast SF-Conrail service set up last year], because it involves the coordination of more railroads.

“He said the fact that NYK was able to negotiate agreements with 4 railroads will set a precedent for other intermodal operators to follow. ‘Nobody else is going to have an excuse anymore,’ he said.” NYK uses Southern Pacific California-Kansas City, then BN-Chicago-NS-Buffalo-NYS&W-North Bergen, NJ; formerly used only Conrail east of Chicago. (*J of C*, Apr. 4). (Another transcontinental rail move takes less than 3½ days.)

Unfortunately, our positive examples illustrate the limita-

Claytor Will Fight Bigger Trucks

Whether or not railroads adopt Benham’s idea, we still need to push for fair truck vs. railroad policies, including a national weight-distance tax to better match truck road-use payments and cost responsibility (*NARP News*, Apr. ’86). A U.S. DOT study, “The Feasibility of a National Weight-Distance Tax,” released in Dec., ’88 says such a tax would indeed be practical. (The study is available from Highway Revenue Analysis Branch, HPP-13, Attn.: Jim Link, Federal Highway Admin., 400 7th St. SW, Room 3324, Washington, DC 20590, or call 202/366-9244.)

We also must fight trucker efforts to push Congress to force states to accept still larger and heavier vehicles and expand the road network on which they may travel. The next federal highway/transit authorization, to be debated starting this fall and enacted in 1991, likely will include yet another truck-size-and-weight increase. Truckers aren’t yet saying what they will seek. Possibilities: raising federal weight limit for the typical 18-wheeler (loaded 48’-long trailer plus tractor) from 80,000 to 90,000 pounds; allowing twin 48s (“turnpike doubles”) and triple 28s nationwide. NARP will keep you informed!

[Truckers are also fighting at the state level, for example, to increase the allowed gross weight of twin 48s from 127,400 to 143,000 pounds on the Massachusetts Turnpike (*J of C*, May 30).]

Truckers say pro-truck federal policies help consumers by lowering costs of goods shipped by truck, but this overlooks the damage such policies do to railroads and—as a result—to roads, road safety, and the overall energy efficiency of our imported-oil-hungry transportation system, damage that hurts consumers.

Amtrak Pres. W. Graham Claytor Jr. put it this way in his Apr. 6 Senate Commerce subcommittee testimony on Amtrak’s reauthorization:

“With growing concern over air pollution, energy conservation, and the condition of the nation’s highways, I believe the Congress must ensure that the rail alternative, both passenger and freight, remains healthy and viable.

“Proposed legislation that is already in the wings to again increase the length and weight of trucks, together with the use of multiple trailers, would undermine the ability of the freight railroad industry to remain in business. It would make our highways even more dangerous for the private automobile, and would force the abandonment of important rail lines.

“This can only hurt or destroy much intercity rail passenger as well as freight service, and I urge the committee to consider the serious ramifications for the future of the entire railroad industry—passenger as well as freight—from proposals such as that. They are not pending yet, but we know they are coming, and I am ready to fight them.” ■

tions of good news. UP’s “Ney” solution is possible mainly because UP acquired MKT; many other rail-controlled truck flows may be permanent. The benefits of steamship-line-controlled double-stack trains are confined primarily to international freight. These trains are operated by freight railroads on a contract basis somewhat similar to the arran-

gements Amtrak has with the freight railroads.

However, steamship-line efforts may be a good influence on the railroads, who are not enthusiastic about the use of their rails by trains whose marketing the railroads don't control.

Railway Age publisher Robert G. Lewis, in his March 1987 editorial, called Benham's idea "fatally flawed," but Benham says "almost all the shortlines are for it," and *The Journal of Commerce* said Apr. 20 (1989) that "a major Western railroad is considering giving everyone open access to its tracks . . . is studying the benefits of simply becoming a toll road."

(For a copy of Benham's February 6, 1987, speech, "Railroads: Blueprints for Survival Beyond the 1980 Decade," write to her at Printon, Kane Research Inc., 509 Madison Ave., Suite 802, New York, NY 10022.) ■

MAINE TRAINRIDERS' BIG SPLASH

TrainRiders Northeast, Box 10025, Portland, ME 04104 (phone: 207/TRY-RAIL) has been formed "to bring passenger train service to the Northeast." TRN's inaugural news conference, in Portland May 31, was a smashing success, producing front-page stories in Portland and Bangor plus coverage on 3 Portland television stations, almost every Maine radio station, and some coverage in New Hampshire. The telephone answering machine ran "at capacity" all night.

TRN Acting Chairman Wayne Davis of Yarmouth, a new NARP member who is senior vice president of BankEast Mortgage Corp., says he is amazed at the number of people interested in restoring trains to Maine.

Incidentally, each NARP officer pictured in this issue sports a "Train to Maine" Baby Lobster on his lapel. These cute, effective red pins were donated by NARP and TRN Dir. Henry Ferne II of Wiscasset. Preparations to launch TRN were much in evidence at NARP's April board meeting, part of which was filmed by Portland's Channel 13. 13's local news included train-to-Maine segments every night Apr. 24-28 and Channel 13 ran a 30-minute special on the subject Sun., Apr. 30. Included: footage from the crew's Amtrak ride to Washington and an interview with NARP Pres. Jack Martin.

If you'd like to join TRN, send \$25 to the above address (students and senior citizens: \$10).



—NARP Photo by Cable Risdon

Federal Railroad Administrator-designate Gilbert Carmichael and NARP Pres. John R. Martin, at NARP's Apr. 20 Washington reception.

UMTA SEEKS COMMENTS

Comments are due June 26 on Urban Mass Transp. Admin.'s notice of proposed rulemaking on rules re applications for federal funds for "major capital investment [ed.: rail] projects" (Apr. 25 *Federal Register*, pp. 17878-92). UMTA is devising ever more exotic criteria because it admits—at p. 17881, col. 2—federal transit funding is inadequate even for those rail projects likely to meet UMTA's basic criteria. Info: UMTA's Samuel L. Zimmerman, 202/366-2360. NARP will comment. (See "Is UMTA Anti-Rail?", July '84 *News*).

TRAVELERS' ADVISORY

When you can't reserve the Amtrak space you want, call back! Early every morning (usually before 5 AM ET), Amtrak's computer wipes out reservations that were not paid for by the cutoff date. Conscientious travelers cancel reservations at any time. Thus your best chance would be in the early morning but calls at other times can also be productive. Amtrak is studying ways to establish a waiting list and the cost of doing so.

Atlantic City service began May 23; the Washington train stops in Lindenwold in both dir. (not in timetable).

"Montrealer" resumes July 18 via New London. Massachusetts, Guilford Transportation Industries Inc., and Amtrak have not yet signed an agreement on Springfield-East Northfield track rehabilitation, so "Montrealer" apparently will continue to bypass Springfield, MA, and Hartford, CT, until at least mid-summer 1990.

Amtrak's Galesburg-Springfield "Thruway Bus Connection" began May 21; times didn't make it into Amtrak's May timetable: dpt. Galesburg 3 PM, ar. Springfield 6 PM; dpt. S'fld 11 AM, ar. G'sburg 2 PM. The intermediate stop at Peoria is expected to begin July 1 after a bus stop location has been negotiated. Amtrak is booking "Eagle"- "Zephyr" connections in both directions on this bus; northbound "Eagle" usually misses its published 85-minute connection in Chicago.

Because train columns (not times) were mislabeled on one page of Amtrak's initial May Northeast Corridor timetable (blue cover), Amtrak has issued a corrected version with a green cover.

Amtrak's summer weekend "Cape Codders" (May 26-Sep. 4) are the only passenger trains crossing Cape Cod Canal this year. The 2 PM Friday Metroliner from Washington again runs through to Hyannis. The Saturday (and Sep. 3) round-trip is Hyannis-Providence only (connections at Providence with #173 and #198), but the earlier Saturday departure from Hyannis (8:20 AM vs. 4:28 PM last summer) means that, for the first time, one can make same-day all-Amtrak trips from Hyannis to Washington (and points beyond!).

Cape Cod Scenic Railroad (phone 508/866-4526) plans Hyannis-Sandwich-Sagamore summer tourist trains (2 round-trips a day on Tues./Wed./Thurs./Sun., June 11-Oct. 22) with some cars formerly owned by the defunct Cape Cod & Hyannis. Until Sagamore station is ready, trains will turn there and passengers can enjoy the ride along the canal but will not be able to get on or off at Sagamore. CCSR is a new company set up by George Bartholomew, who also runs the narrow-gauge, steam-powered Edaville Railroad at South Carver, MA.