



A Publication of the Railroad Model and Historical Society of Southeastern Ohio, Inc.

PO Box 1, Albany, Ohio, 45710

March 2016

Upcoming Events:

March 8, 2016

Club Meeting
7:00pm

Ohio State Highway Patrol Post
13600 Della Drive, Athens

Bring something for
show and tell!

March 6, 2016

Darke County Model RR Club
Flea Market
Greenville, Ohio

Admission: \$4

Swap Meet, Train Show and Sale,

All Scales

March 19-20, 2016

Railfest 2016 Model Train Show
Kirkland, Ohio

Admission: \$7

NMRA Division 5, Largest All
Gauge Train Show in Ohio. 13
Operating Layouts, New and
Used, Buy/Sell/Trade, 110+

Dealers

March 20, 2016

Greater Wayne County Train &
Toy Show

Dalton, Ohio

Admission: \$5

600+ Dealer Tables, 170+

Dealers, 10+ Operating Layouts,

All Scales

April 9, 2016

Bucyrus Model Railroad Assoc.

Train Show & Swap Meet

Bucyrus, Ohio

Admission: \$5

Swap Meet, Flea Market, Model

Train Parts, All Scales

April 16, 2016

59th Buckeye Model Trains &
Railroad Artifacts Show & Sale

Columbus, Ohio

Admission: \$7

Ohio's Largest Model/Artifact
Show, Railroad China, Silver,

Lanterns, etc.

Wick Speaks

By: Bill Stephens | Continued from February 2016

Lining Up Support

NS has had “many conversations” with its major shareholders to educate them about the risks of a merger and the benefits of the railroad’s standalone plan. “Shareholders want to see NS improve,” Moorman says. “They have differing opinions about this.”

Nonetheless, Moorman questioned how shareholders could support an alternative slate of board candidates. “What’s their agenda? Is the agenda that we’ll have a conversation with CP and see if we can come to an agreement? Shareholders will look at that and say it’s a highly uncertain outcome,” Moorman says.

But what if it appeared that CP was likely to win a proxy contest. Would NS look for alternatives?

Norfolk Southern’s natural merger partners — BNSF Railway and Union Pacific — would only seek merger if another railroad made a first move. “They won’t set the dominoes in motion themselves,” Moorman says.

What about making a purchase of its own, like Kansas City Southern? It would make NS too

big for CP to acquire. And it wouldn’t qualify as a major transaction that would trigger the more stringent merger review rules the STB introduced in 2001.

“We’re fine with the status quo,” Moorman says. “That would be a dicey and expensive poison pill, and who knows how the STB would react.”

So for now, NS is relying on a circle-the-wagons strategy that involves lobbying lawmakers on Capitol Hill and in state capitals, as well as talking with shippers. Those efforts have borne fruit. Lawmakers, labor unions, and shipper groups — including the automakers’ trade association — have all written the STB to oppose a CP-NS combination. Executives from three other U.S. Class Is have also lined up against a CP-NS merger.

The growing political opposition to the merger has prompted CP to review its strategy for the acquisition and likely will delay CP’s timeline, Harrison said yesterday.

Continued on Page 2

Wick Speaks

Continued from Page 1; To Be Continued in April 2016 Edition

“This is not an NS-coordinated set of discussions,” Moorman claims. “We told customers what the facts were. They took it on themselves to write.”

Dueling Operating Plans

In its standalone plan, NS aims to grow its general merchandise and intermodal traffic, raise prices, increase efficiency, and prune its network where required. “I think it’s a good plan,” Moorman says. “It...gets the company to the right place. It’s ambitious but realistic.”

The goal is to bring the NS operating ratio — which has been around 70 — to 65 percent by 2020.

CP says it would be able to bring NS’s operating ratio to 60 or below. Harrison has said he would wring \$1.2 billion in cost savings out of the NS system by implementing his precision scheduled railroading operating plan. This would drive improvements in fuel efficiency, train velocity, locomotive and railcar

productivity, and yard and terminal operations.

But CP’s plan is doomed to failure, Moorman says, citing Harrison’s call to sideline at least a third of the 4,000-unit NS locomotive fleet.

“Conrail is living proof of what can go wrong quickly,” Moorman said, noting how the NS-CSX breakup of Conrail almost immediately caused major service disruptions. “If Hunter puts out an order to park 700 locomotives, I don’t even give it a week.”

“The service would collapse. It’s just that easy,” Moorman says. “We worry about the size of our locomotive fleet.”

The size of the fleet is determined using modeling that includes traffic levels and the velocity of the railroad, including the all-important metric of how many trains are held for power and for how long. As velocity goes up, NS stores locomotives. As velocity sinks, it pulls units out of

storage.

Harrison doesn’t have access to any of that information, Moorman says. “I don’t know what he’s thinking. I really don’t. He has no idea what our network looks like, what our requirements are.”

NS needs a large locomotive fleet to handle fragmented traffic moving over a spider web network. “We have a very complex network and a big merchandise network. We have twice as many origin-destination pairs that CP does. It’s significantly more complexity,” Moorman says.

NS has more than 32,000 origin-destination pairs.

“In order to handle that traffic you have to switch it,” Moorman says. “You can’t build huge trainloads of one, two blocks and move it across the railroad. We’re always going to have to switch — a lot.”

“You know you’re a Railfan if...”

http://www.mswphoto.com/IdiotRailfan/you_know.html

Your cat's name is "Chessie."

Your dog's name is "Conrail."

“Hobo Speak”

<http://www.hobonickels.org/terms.htm>

A-No.1 - In hobo lingo it means “number one man,” and later it came to mean, that you are “all right (or okay) with me.” The thumbs up sign, “A Number One.”

North American Rail Congestion Causes and Effects

By Chris Blumberg | From Merchants Fleet Management | Continued from February 2016

This is a huge investment opportunity for the U.S. and Mexico to reduce pollution and costs of trade between the neighboring countries, yet this has not been a priority of any of the presidents or congresses in the past 20 years. A single, 100-unit train can reduce the amount to truck on the road between Texas and Mexico by up to 200 trucks. This would reduce the cross-border traffic, delays, and costs significantly, and reduce the costs to our highways significantly as trucks cause the most wear and tear to our highway system.

Even though there is actually a connection through Western Mexico to California, this route is not used as much because it cannot handle the newer rail cars. If the western route were upgraded it could massively cut transit times to the West Coast and decrease congestion flowing through Texas.

This problem isn't just limited to Mexico, because both the U.S. and Canada suffer from the same

problem of not all rail lines being GRL 286.

Most Class I rail main lines have been upgraded to GRL 316 or GRL 286, but the Class I rail lines only control about 80 percent of the total rail lines in the U.S. The feeder rail lines that are owned by Class II and Class III rail lines are about 50-percent upgraded to GRL 286 lines or GRL 316. If these lines continue to stay at below GRL 286, traffic coming from these lines will always need to use cars rated below GRL 286; however, these cars are being retired in great numbers and replaced with GRL 286 cars, causing the demand and price for these cars to go up due to supply dropping.

It's possible to see this happening currently with grain hoppers in the Midwest where the lines with below GRL 286 are not getting the cars they need, and lines able to support GRL 286 are not facing severe delays. Government regulations are forcing this even more as Canada enacted tonnage requirements for

movement of grain. Since a GRL 286 can carry 11 metric tons more grain than a GRL 263 car, when the government enacts tonnage requirements, such as Canada has done, then the train companies are going to focus moving the largest amount of GRL 286 cars they can.

Record-Breaking Bumper Crops

In 2013, a record bumper crop was grown in the U.S. and Canada. In total, these bumper crops were 20 million metric tons larger in Canada than in 2012 and 80 million metric tons larger in the U.S. than the year before.

To further complicate matters, in 2014 the total crop production in Canada dropped back down by 17 million metric tons, but the U.S. increased yet again by an estimated 15 million metric tons for yet another record harvest with a difference of nearly 100 million metric tons of grain from 2012's harvest of 354 million metric tons.

Continued on Page 4

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- \$60 for a family membership for 1 year

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- Voting
- Several great trips throughout the year
- Friends who share a common hobby and interests

North American Rail Congestion Causes and Effects

Continued from Page 3; To Be Continued in April 2016 Edition

Due to these problems, with the reduction in fleet sizes and new cars not able to go on all tracks, there just simply aren't enough cars available when they need to be able to haul 440 million metric tons of grain per year for two years. This is a 25-percent increase in production from 2012 levels and has happened two years in a row, but the cheapest and easiest way to move grain is by rail.

A GRL 286 car can carry roughly 80 metric tons of grain, and a GRL 268 car can carry roughly 70 metric tons. To move this new 100 million metric tons of grain would take 1.25 million GRL 286

carloads or 1.43 million GRL 263 carloads, which would require roughly a weekly increase of 25,000 to 27,500 carloads. This is simply an impossible amount to move on such short notice.

Currently, railroads are moving approximately 20,000 cars per week

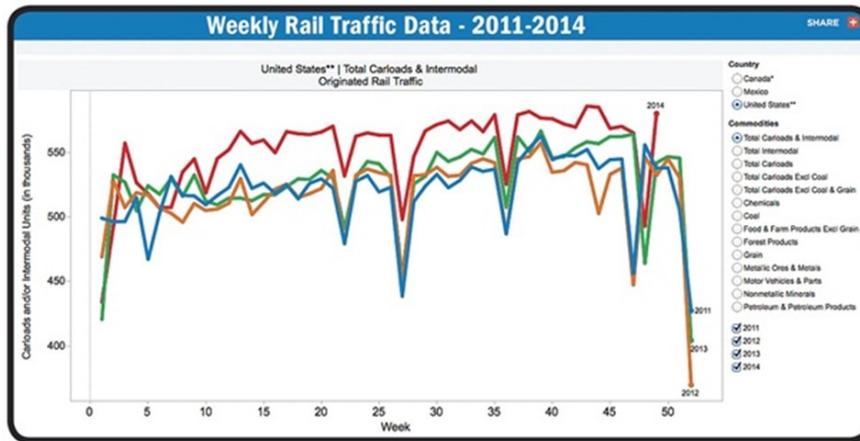
of grain. To move the new bumper crops they would need to more than double this weekly amount, which is why there are such huge problems moving grain right now because there is simply nowhere for it to go.

While this demand for grain hoppers has increased dramatically,

990.5 miles and was expected to exceed 1,000 miles in 2014. This is increasing the amount of traffic on the lines, as the carloads and distance continue to increase, while decreasing the average speed of the trains from nearly 28 mph in January 2013 to 23 mph currently.

The average tonnage is also falling, which is being caused by the huge demand making companies use even the old GRL 220 cars they had in storage. All of these things are good news for the rail companies, as the longer the haul is the more money the companies make and the more economical

it becomes compared to trucking, but the speed and delays are causing issues to customers.



so has demand for everything else with the economy recovering.

Also, 2014 was a record year for carloads, as there had been roughly a 40,000 carload increase, per week, over 2013. Also increasing is the average distance, which, in 2013, had reached an average of

Our Mission

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To Educate...

Those who want to learn the history.

To Promote...

The hobby with enthusiasm.

And to share and enjoy the pleasure of all that is Railroading.



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