



July 2008

PA State Budget Recap: Rail Industry Scores Major Wins!

The 2008-09 budget and related legislation passed on July 4, 2008, provided major wins for Pennsylvania railroads. The wins included:

1. Rail freight capital budget program (TAP) - Funding increased by \$10 million - from \$20 million annually to \$30 million annually. This is a 50% increase in a budget that contained an overall 3.8% increase.
2. Railroads eligible for funding contained in Alternative Energy Fund Bill (Special Session House Bill 1) - Authorizes rail infrastructure projects serving alternative energy projects to be eligible to compete for grants totaling \$165 million. Eligible projects would be to service wind, solar, biomass, clean coal facilities, ethanol and biodiesel plants or companies making components for those facilities. Additionally, there are \$50 million in tax credits available on a competitive basis. This is a new and potentially large source of funding for specific rail projects. Senator Joe Scarnati, President Pro Tempore, was principally responsible for this program.
3. Rail Freight Assistance Program (RFAP) - The Rail Freight Assistance Program is budgeted at \$10.857 million.

Many individuals contributed to this successful effort including KSRRRA officers and members, the KSRRRA staff and lobbying team and the lobbyists retained by individual railroads. We thank the Governor and legislators for this increase in funding.



Don't forget to visit the KSRRRA website at:

www.ksrrra.com

July KSRRRA Board Meeting

The Summer Keystone State Railroad Association Board Meeting will be Tuesday, July 22nd at 1 p.m. at the Harrisburg Hilton. This meeting is open to all members. Lunch will NOT be served, only drinks and snacks, so please plan accordingly.

Following the Board meeting, there will be a membership reception at Zia's Red Door, 110 North 2nd Street, Harrisburg from 5:30 p.m.—7:30 p.m.

Inside this issue:

<i>KSRRRA Welcomes New Member</i>	2
<i>Legislative Update</i>	2
<i>New KSRRRA Members Wanted</i>	2
<i>PUC Assessment Issue Update</i>	3
<i>KSRRRA 2008 Officers</i>	3
<i>KSRRRA 2008 Board of Directors</i>	3
<i>Fall Session Schedule</i>	3
<i>Issue Tracking</i>	3
<i>KSRRRA Calendar—Important Dates</i>	4
<i>PA Business Opposition to Railroad Reregulation; Support for ITC & SL Credit</i>	4
<i>Contacting the KSRRRA Staff</i>	4

KSRRA Welcomes New Member

The Keystone State Railroad Association would like to welcome Hulcher Services, Inc. (www.hulcher.com) as a new associate member. Hulcher has divisions all over the United States, Canada, and Mexico with two divisions located in Pennsylvania. Their Gettysburg and New Oxford offices provide railroad services, engineering services, transfer/load adjustment services as well as disaster response services. Hulcher has long been an ally in requesting changes in the APRAS system and we are happy that they have joined KSRRA.

Legislative Update

House Bill 2681—"Long Hood Forward" and "Trauma Counseling"

In addition to working on railroad issues in the budget and energy bills which are discussed elsewhere in this issue, the KSRRA team was working to stop a late session effort by the BLET to push through the "Long Hood Forward" and "Trauma Counseling" bill, House Bill 2681.

KSRRA President Mike Fesen, working with the KSRRA staff and lobbying team, and other railroad lobbyists stopped the bill by having it referred to the House Rules Committee after it was reported from the House Consumer Affairs Committee. Additionally, the KSRRA team began an effort to inform the Senate of the negative impact of the bill regarding issues better discussed in collective bargaining or labor/management discussions. With the limited amount of fall session scheduled in the House and Senate, we believe the bill is effectively dead.

Scrap Metal Headaches

Additionally, we will push for passing of the Scrap Metal Theft Law, House Bill 1742, during the fall session. The soaring cost of metals has caused an increase in metal theft that is affecting many industries in the Commonwealth of PA and railroads are not immune. Thieves are trespassing on railroad property to steal metal items and sell them to scrap metal dealers. This is a costly and potentially dangerous problem for the railroad industry. KSRRA is working with a coalition of industries that are trying to help curtail and prosecute such thefts. House Bill 1742 will put some restrictions on scrap dealers that might be receiving stolen property. We are hopeful that we can get some movement on this bill during the abbreviated fall session. Wayne Michel, President of Reading & Northern Railroad brought this issue, as it impacts railroads, to our attention.

Trespass Issue

We also plan to address the railroad trespass issue legislatively. This will be discussed at the upcoming KSRRA board meeting.

For bill information, please visit the KSRRA website: www.ksrra.com

New KSRRA Members Wanted

Please give some consideration to suppliers and/or vendors that could become KSRRA members or associate members.

Please email or telephone Joe Gerdes with any suggested membership prospects.

PUC Assessment Issue Update

Several railroads and taxi companies have filed motions to reconsider the June 5th Opinion and Order regarding the Transportation Assessments before the Public Utility Commission. This Opinion and Order did not rescind the 2007-08 assessments on the railroad or taxi industries or return the transportation sector to a uniform rate as we had hoped, but it did grant both the railroads and taxi's with a 1/3 reduction in this years assessment, a savings of over \$700,000 to our industry.

Pending the Commission's decision on the motion's to reconsider, which we do not anticipate any changes, parties will then have to decide on pursuing the issue before the Commonwealth Court. We will continue to monitor this issue and work to further reduce this assessment.

Fall Senate Session Schedule

The Pennsylvania Senate is currently scheduled to be in session the following days:

September 16, 17, 18, 22, 23 & 24

October 1, 2, 6 & 7

No post-election session, commonly referred to as lame-duck session, is planned. The Legislature adjourns sine die on November 30, 2008 until January 2009.

Issue Tracking

A number of issues affecting the railroads have come up during the past year, some new, some that have been around before. Whether it's the PUC assessment, trespassing, or trauma leave, we will work as an association to continue to monitor and respond to these issues as they arise. It is very helpful to us to know what issues are most important to your specific railroad or business' today, and what issues you see looming on the horizon. Please feel free to contact us and share your thoughts.

KSRRRA 2008 Officers

President—Mike Fesen
Norfolk Southern Company

Vice President—Jeff Sutch
SMS Rail Lines

Treasurer—Tim Potts
RJ Corman Railroad Company

Secretary—Jeff Stover
SEDA-COG Joint Rail Authority

KSRRRA 2008 Board of Directors

William Callison—Wheeling & Lake Erie
Railway Co.

Randy Cheetham—CSX Transportation

David Collins—Buffalo & Pittsburgh/
Genesee & Wyoming RR

Pat Illig—Electric Motor & Supply Co.

Larry Malski—PA Northeast Regional
Railroad Authority

Wayne Michel—Reading & Northern RR

David Monte Verde—Delaware Lackawanna RR

Richard Robey—North Shore Railroad Co.

Kevin Soucie—Canadian National Railway

William M. Stout—Atlas RR Construction Co.

Len Wagner—Pittsburgh & Ohio Central RR

Steve Fisk—Canadian Pacific Railway

KSRRA Calendar—Important Dates

July 22, 2008	KSRRA Summer Board Meeting & reception	Harrisburg, PA
July 23, 2008	RFAC Quarterly Meeting	Harrisburg, PA
July 31, 2008	2008 Rail Freight Assistance Program (RFAP) Grant Application period closes	
August 1, 2008	2009 Transportation Assistance Program (TAP) Rail Funds Application period opens	
August 29, 2008	2009 Transportation Assistance Program (TAP) Rail Funds Application period ends	
September 18, 2008	Tri-State Rail Freight Economic Development Conference	Cooperstown, NY
October 13-15, 2008	ASLRRRA Eastern Regional Meeting	Williamsburg, VA
May 13—15, 2009	18th Annual PA Rail Freight Conference & Seminar	Harrisburg, PA

PA Business Opposition to Railroad Reregulation; Support for ITC & SL Credit

The following came from Russell McGurk, Go2I:

“As you know, Go2I is working to recruit at least 1,000 businesses to sign an “open letter to Congress” opposing rereg and supporting the ITC and the short line credit. We want to exceed 1,000 by July 23rd. Just over 400 have signed on to date. Because Pennsylvania has so many House Transportation and Infrastructure members and is such an important rail state, we want to make sure there is broad representation of Pennsylvania businesses on the letter. A number of Pennsylvania rail suppliers have stepped up and signed onto the letter already, and the rail supply trade associations have asked their members to sign on.

I am hoping you will be able to take a few minutes to help us identify more Pennsylvania businesses we could recruit to sign the letter. Suppliers, rail customers and any business with an interest in effective transportation out to be a candidate to sign the letter.

If you have any suggestions, I would appreciate it if you would reply to our Pennsylvania state director, Nick Scullo, or me. Alternatively, you can send the link below to a business leader and they can sign themselves onto the letter. I would encourage you to check the website out too. <http://go2i.advocacyinteractive.com/>”

You can contact Russell McGurk at: Go2I

901 North Pitt Street, Suite 315

Alexandria, VA 22314

(703) 519-4740—office

(703) 519-4714—fax

(703) 475-4365—cell

rmcgurk@go2i.org

Contacting the KSRRA Staff

Joe Gerdes—Executive Director	Mike Long—Lobbyist
205 State Street	121 State Street
Harrisburg, PA 17101	Harrisburg, PA 17101
(717) 232-3792—phone	(717) 234-5424—phone
joe@ksrra.com	mike@ksrra.com

If you have information to submit for upcoming monthly newsletters, please contact Emily Luckenbill. Her contact information is below:

121 State Street
Harrisburg, PA 17101
(717) 234-5424
emily@commonwealthstrategic.com