

Lieutenant Governor Catherine Baker Knoll, 1930-2008

On Wednesday November 12, 2008, the Commonwealth of Pennsylvania lost a true public servant, Lieutenant Governor Catherine Baker Knoll, after battling neuroendocrine cancer for the past several months.

The former two-term State Treasurer was in her sixth year as the Commonwealth's Lieutenant Governor, the first woman in Pennsylvania elected to that position. She is survived by three sons and a daughter who were with her when she passed. She was 78 years of age.

Senator Scarnati Becomes Lieutenant Governor

As the State Constitution dictates, Senate President Joe Scarnati takes the position of Lieutenant Governor automatically upon a vacancy. Senator Scarnati has declined a formal swearing-in until Lieutenant Governor Knoll's services are complete.

Scarnati represents Northwestern Pennsylvania and has been a strong supporter of the railroad industry.

This year, Senator Scarnati was the key member in pushing to include rail projects serving alternative energy facilities to be eligible for funding from the alternative energy fund.

Senator Scarnati's rise to Lieutenant Governor assures the rail industry of a strong voice in addressing rail issues.

Senator Roger A. Madigan Retires

When the new State Senate convenes in January it will be without one of its true leaders. After 31 years of service to the Commonwealth and to the citizens of the 23rd Senatorial District and the 110th House District, Senator Madigan announced his retirement earlier this year. First elected to the House of Representatives in 1977 he moved to the Senate chamber in 1984 where he has distinguished himself not only as leader, but as one of the true gentlemen of the Pennsylvania Senate.

As Chairman of the Senate Transportation Committee, he has been a stalwart champion of building and maintaining Pennsylvania's modern transportation infrastructure, and has always recognized railroads and the integral part they play in that infrastructure. We would like to join the chorus of Pennsylvanians thanking Senator Madigan for his leadership and wishing him the very best in retirement.

In honor of Senator Madigan's service to the Commonwealth, there will be a surprise retirement luncheon on Thursday, November 20th from 11:30 a.m. to 1:00 p.m. in the East Wing of the Capitol, room 8E A&B. Contact Joe Gerdes at joe@ksrra.com for more details.

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President Signs Sweeping Rail Safety Bill

On October 16th President Bush signed into law H.R. 2095/S.1889 enacting the most comprehensive rail safety in more than 30 years. The Rail Safety Improvement Act of 2008 will, among many things, toughen rail worker training standards and require conductor certification. The Act also mandates the installation of positive train control on lines that are used for passenger trains and the movement of hazardous materials by 2015. In addition, the Act will allow the FRA to regulate the rail workers hours of service to address fatigue and will require emergency breathing apparatus in trains that carry toxic-by-inhalation hazardous materials and require that crews be trained in their use.

The Act will also create a new high-level position within the US Department of Transportation to be in charge of rail safety, and will add an additional 200 federal rail safety inspectors. USDOT will also be charged with developing a long-term rail safety plan including a plan to reduce the number of rail-related accidents, injuries, and fatalities nationwide each year.

History Channel to Air New Series on Trains

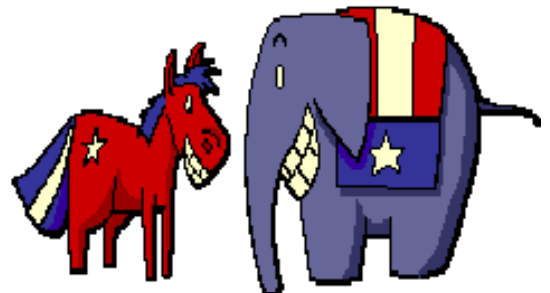
The History Channel debuts a new series sponsored by CSX called Extreme Trains which examines the inner workings and history of the railroad industry in the United States, past and present. The premier episode, which airs Tuesday November 11 at 10pm, will have its host Matt Bown a real-life conductor; work on a coal train in Western Pennsylvania.

Legislative Update

While the Senate and House returns this week to select Leadership for the 2009-10 session, no substantial legislative action will occur.

The Senate had previously stated that they would not hold a lame-duck (post election) session this year. Government reformers have labeled lame-duck sessions as sessions where negative consequences can transpire.

The Senate will begin the new session with 29 Republicans to 20 Democratic members. The one vacancy, caused by the tragic car accident which claimed the life of long-time Senator James Rhoades, will be filled by a special election. The election, which will be called by Lieutenant Governor Scarnati, will likely occur early next year. Republicans picked up one seat in the Senate, when Elder Vogel (R) defeated Jason Petrella (D) in the seat currently held by Senator LaValle. The House will have 104 Democrats to 99 Republicans. This is a net gain of 2 seats for the Democrats. Democratic candidates won 6 seats formerly held by Republicans and Republicans won 4 seats formerly held by Democratic members. For a year-end review of legislative activities, please go to the KSRRRA website, www.ksrra.com, where you will find and updated legislative review.



PUC Assessments Issue

KSRRRA President Mike Fesen, Executive Director Joe Gerdes and Lobbyist Mike Long have been working to develop a number of options to address the ongoing PUC assessment issues.

Talks with legislative leaders, staff and telephone conferences with interested KSRRRA members and railroad lobbyists have occurred.

Recently, President Fesen made Norfolk Southern tax attorneys available for a 90-minute briefing regarding tax issues and ramifications of possible action to address this issue.

A report will be distributed at the December 8th Annual Meeting of possible actions to be taken by the KSRRRA to address the assessment issue.

DHS Rail Freight Security Grants

The Department of Homeland Security has released the guidance for the FY 2009 Rail Freight Security Grant Program (RFSGP). The funding has increased from \$7.4 in FY 2008 to \$15 million this year. Joe Gerdes has been told by former colleagues as they are trying to make these grants more accessible to Class II and III railroads. To that end they have removed the cost share component of the grants. Obviously \$15 million nationwide will still make this extremely competitive but take a look at it and see if it is appropriate for your railroad to submit a request. Below are some of the guidelines.

Eligible applicants are divided into three groups based on the types of projects they can apply for: Class I railroad carriers, Class II/III railroad carriers, and owners of railroad cars. Eligible Class I railroad carriers may ONLY request funding for security awareness and emergency response training for railroad frontline employees. This grant program does not cover the expenses associated with conducting a vulnerability assessment or developing a security plan for Class I carriers. In order to be eligible to request this training funding, Class I carriers must certify to DHS that they have completed both a vulnerability assessment and a security plan that meet the requirements listed in Part IV Section B.

Eligible Class II and Class III railroad carriers may use grant funds received under this program to complete a vulnerability assessment and security plan that meet the requirements. If a plan has already been completed but does not meet these requirements, the applicant may request funding to conduct a new vulnerability assessment and to develop a new security plan to meet the requirements. Upon completion of the vulnerability assessment and security plan, eligible Class II and Class III railroad carriers may request funding for security awareness and emergency response training for railroad frontline employees. In order for these projects to be funded, the carrier must first certify that the requirements for vulnerability assessments and security plans, listed in Part IV, Section B., have been met. If these items have already been completed, an eligible applicant may request funds for training.

Eligible owners of railroad cars may use grant funds received under this program to acquire and install satellite GPS tracking on cars that transport TIH. Satellite tracking equipment must be able to meet specific communication protocol standards that are outlined in Part IV Section A of this grant guidance document. The tracking information obtained using this GPS equipment will be owned by the railroad car owner who will allow unrestricted access to DHS/TSA as a condition of the award.

For more information please check out the guidance at www.tsa.gov/grants

Since the formal application process has begun, questions must be directed to: askcsid@dhs.gov and tsagrants@tsa.dhs.gov.

Senator Jim Rhoades Passes

Senator James Rhoades, a long-serving member of the Pennsylvania Legislature died last month in a tragic car accident. Senator Rhoades was known as a friendly, out-going, big man who loved his family, God and the people he represented.

And, that support was reciprocated as evidence by the fact that, Senator Rhoades was re-elected in a landslide two weeks after his death.

Senator Rhoades was a friend of the railroad industry and had recently participated in ceremonies honoring the 25th Anniversary of the Reading, Blue Mountain & Northern Railroad.

KSRRA Calendar—Important Dates

December 8, 2008	KSRRA Annual Board Meeting — 1 p.m. Norfolk Southern Corporate Offices—4600 Deer Path Road, 2nd floor	Harrisburg, PA
January 27, 2008	KSRRA Board Meeting	Harrisburg, PA
January 28, 2008	RFAC Meeting	Harrisburg, PA
February 26, 2009	ASLRRRA Rail Day on the Hill	Washington, DC
April 21, 2009	KSRRA Board Meeting — 1 p.m.	Harrisburg, PA
April 22, 2009	RFAC Meeting	Harrisburg, PA
April 26-28, 2009	ASLRRRA Annual Convention	Las Vegas, NV
May 13—15, 2009	18th Annual PA Rail Freight Conference & Seminar	Harrisburg, PA

WELCOME

KSRRA Welcomes Two New Railroad Members

Hatch & Kirk

The Keystone State Railroad Association is pleased to welcome Hatch & Kirk as a railroad member.

Hatch & Kirk has been a leading global supplier of heavy duty engine parts for over 50 years to the Rail, Marine, Government and industrial sectors.

From their Seattle and Houston distribution centers, they specialize in EMD®, Fairbanks-Morse®, Alco®, GE® and Cleveland products (as the OEM)

They are also distributors for Haynes Fuel Injection, BG Ignition Products and Ashby Electric Traction Motors along with many other engine related products.

www.hatchkirk.com

Railroad Constructors, Inc.

The Keystone State Railroad Association is pleased to announce that Railroad Constructors, Inc. has joined KSRRA as a railroad member.

Railroad Constructors, Inc has served for decades as a premier source for the railroad industry from Maine to Florida. They provide a knowledgeable workforce with the equipment needed to design and construct any track system as well as many other services. For a full list of their services go to

www.railnj.com

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