

Joint NY, NJ and PA Rail Associations Meeting held in Cooperstown

The New Jersey, New York and Pennsylvania rail associations held a joint meeting in New York on Thursday, September 18th. About 90 representatives from the rail industry attended.

Topics included rail freight incentives from Washington presented by the FRA Deputy Administrator and reports from New York and Pennsylvania officials regarding rail freight assistance programs. A number of railroad company officials spoke on their efforts to grow the rail freight business.

KSRRA attendees included Michael Fesen, President, Joe Gerdes, Executive Director and Mike Long, Lobbyist, as well as a number of KSRRA Board Members. It was agreed that the joint meeting concept was useful and should be pursued in future years.

Melanie Boyer, of the New York, Susquehanna and Western Railway Corp. did a magnificent job of organizing the conference.

Reading & Northern Railroad Celebrates 25th Anniversary

Reading & Northern Railroad, a KSRRA member railroad, celebrated their 25th Anniversary on Saturday, September 20, 2008.

The railroad was started in 1983 when owner Andy Muller began operating a thirteen-mile portion of an old Conrail line. Today, Reading & Northern consists of 315 miles of busy railroad.

Dignitaries including Congressman Tim Holden, Senators Mike O’Pake and Jim Rhoades and Representatives Dave Argall and Mike Carroll who spoke at the ceremony before a large crowd. President Wayne Michel and owner Andy Muller spoke of the history of Reading & Northern and both gave credit to the employees for the growth of the company.

KSRRA Works with Coalition to Help Curtail Metal Theft

The Keystone State Railroad Association has joined with a broad coalition of business’ and industry in Pennsylvania urging the General Assembly to support a bill that would help law enforcement more effectively go after these criminals without putting an undue burden on legitimate commerce.

Railroads have seen an increase in theft of signaling wire, spikes, joint bars and other items which not only cost our railroads money, they are creating extremely dangerous and possible life-threatening situations. We urge you to contact your local Representatives and Senator’s and ask that they pass HB 1742 with amendment #A 08635.

Inside this issue:

<i>Progress on APRAS</i>	2
<i>PUC Assessments Again Hit Railroads</i>	2
<i>KSRRA Meets with Gerlach and Dent</i>	2
<i>Legislation</i>	3
<i>Useful Energy Facts— Rail vs. Truck: An Energy Comparison</i>	3
<i>KSRRA Calendar</i>	4
<i>KSRRA Welcomes Two New Railroad Members</i>	4
<i>Contacting the KSRRA Staff</i>	4

Progress on APRAS

Several meetings were held recently to try and remedy some problems our industry and others are experiencing with PENNDOT's APRAS System (Automated Permit and Routing System). Mike Long our KSRRRA lobbyist, President Mike Fesen and KSRRRA members RJ Corman and Hulcher Services recently met with several PENNDOT staff members responsible for APRAS to update them on problems still present with the system. Also, PENNDOT has met with the Pennsylvania State Police to discuss the manual review process and possible adjustments there. Many thanks to Deputy Secretary Eric Madden and Bureau Director Denise Pyers for helping to bring some forward progress towards resolution of these issues.

There will be an immediate survey of the APRAS system to determine the best way to resolve the outstanding problems with the computer system itself, including looking at a new system. Also PENNDOT and PSP are working on a process where the decision for allowing permits will be made by on-call PENNDOT personnel instead of a State Police Trooper, unless of fire or an immediate threat to life. We will continue to push to keep these issues on the front burner until resolved.

PUC Assessments Again Hit Railroads

After nine months of trying to resolve last years new assessment formula which hit many Pennsylvania railroads with upwards of 800% increases on their annual bill from the PUC, over a half dozen meetings, and a technical conference which produced an Administrative Law Judge's decision that largely sided with our industry's arguments, the PUC has decided to again use the formula they used last year to assess our industry.

Unfortunately with a PUC budget that grew by \$7.4 million and another increase in the rate factorial charged to the railroads, this assessment will again hit our industry un-proportionately hard and cause hardship especially among our smaller railroads in the Commonwealth. We as an association are continuing to look at ways to alleviate this unfair burden through legal, legislative and diplomatic means.

KSRRRA Meets with Gerlach and Dent

Joe Gerdes, the Executive Director of the Keystone State Railroad Association, recently met with Congressmen Jim Gerlach and Charlie Dent in their district offices to discuss rail freight issues in the Commonwealth. These meetings were set up by Nick Sciuolo of GO21, a national, non-profit, public interest organization dedicated to promoting freight transportation alternatives.

Mr. Gerdes thanked Rep. Gerlach, a member of the rail subcommittee, for his support of the short line tax credit extension (HB 1584, S 881) and asked that he strongly consider supporting the Class I tax credit (HR 2116, S 1125) to help us build new rail capacity in the Commonwealth to meet the growing demand to move freight by rail. There were also productive discussions with both gentlemen on re-regulation efforts (HR 2125, S 953) and both committed to work together with all parties involved to reach an amicable resolution. Both meetings went extremely well and both Congressmen are very much in tune with the issues affecting our industry.

We were also happy that Congressman Dent informed us that he was going to ask that he be put on the Short line bill as a co-sponsor. We appreciate their time and leadership on our industry's behalf.

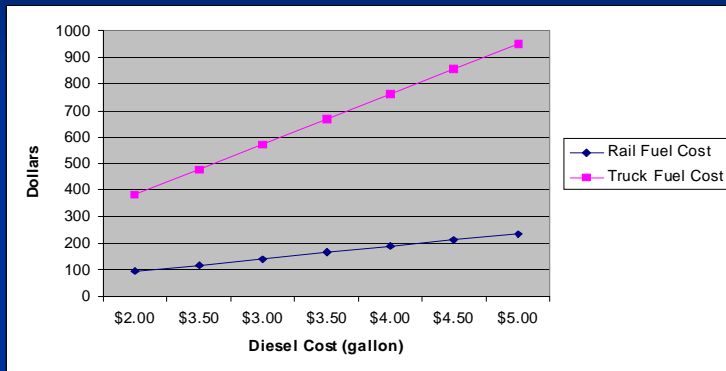
Legislation

Elsewhere in this issue, we discuss KSRRRA legislative efforts regarding railroad assessments, scrap metal theft and the APRAS system. We also worked to stop H.B. 2681 which deals with matters best left to management/labor negotiations, as well as trains running in reverse.

With the Senate only having three days remaining in the 2007-08 legislative session, the KSRRRA Board will discuss our legislative incentives and priorities for the 2009-10 session at the October board meeting.

Useful Energy Facts—Rail vs. Truck: An Energy Comparison

Impact of Fuel- Rail vs Truck (Cost to Move 20 Tons 1,000 Miles)



Because diesel fuel is a higher percentage of a trucks cost – its impact is also larger.

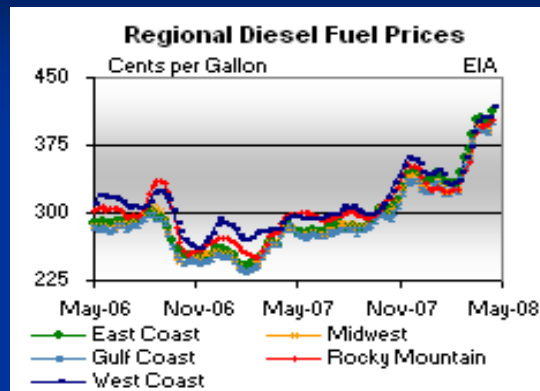
Cost	Rail Cost	Truck Cost
\$2.00	\$94.56	\$380.95
\$2.50	\$118.2	\$476.19
\$3.00	\$141.84	\$571.43
\$3.50	\$165.48	\$666.67
\$4.00	\$189.13	\$761.90
\$4.50	\$212.77	\$857.14
\$5.00	\$236.40	\$952.35



You can see the average cost of diesel fuel has gone from \$3.00 a gallon to over \$4.00 a gallon in just two years. We could well see \$5.00 diesel fuel.

Clearly this impacts our customer's cost of doing business; they are feeling pain. But it presents opportunities for modal conversion that perhaps those customers would not have considered just as few as 18 months ago.

Regional Diesel Fuel Prices



KSRRA Calendar—Important Dates

October 13-15, 2008	ASLRRRA Eastern Regional Meeting	Williamsburg, VA
October 14, 2008	KSRRA Board Meeting	Harrisburg, PA
October 15, 2008	RFAC Meeting	Harrisburg, PA
May 13—15, 2009	18th Annual PA Rail Freight Conference & Seminar	Harrisburg, PA

WELCOME

KSRRA Welcomes Two New Railroad Members

Union Railroad Company

The Keystone State Railroad Association is pleased to welcome the Union Railroad Company (a Transtar Company) as a railroad member. The Union Railroad Company is part of the original Lake Erie to Pittsburgh Mills rail system dating back to 1896.

This Class III switching railroad is engaged in general railroad transportation and provides railroad switching service primarily to the steel industry. In addition to steel mills, the railroad serves the coal industry through Duquesne Wharf, a world class coke production facility at Clairton, and more than 30 other customers in the automotive, chemical, and aggregate business. The URR currently consists of 65 miles of main track and approximately 200 miles of yard tracks and sidings, all located within a 10-mile radius in Allegheny County, PA.

Our strength as an association is in our numbers, and the quality of our members, and we are happy to that they have joined our team and we look forward to working with them in the future.

CONRAIL

The Keystone State Railroad Association is pleased to announce that Consolidated Rail Corporation (CONRAIL) has joined KSRRA as a railroad member. As a terminal and switching agent for its owners, [CSX Transportation](#) and [Norfolk Southern](#), Conrail continues to provide safe and efficient rail service for many local rail freight customers in Detroit, New Jersey and Philadelphia. They currently operate 372 miles of track in the Philadelphia/South Jersey area servicing clients in the city of Philadelphia and along the Delaware River in Chester and Lower Bucks County. Customers located along Conrail's lines in these *shared asset areas* have access to the nation's rail network through either NS or CSX.

Although Conrail no longer handles commercial matters for customers, they continue to play a critical role in serving shippers and receivers as an agent for our owners. As a local rail service provider, it is Conrail's job to make sure that customers' freight shipments are safely and efficiently moved between their rail sidings and the long distance freight trains operated by CSX and Norfolk Southern. We are pleased to welcome CONRAIL to the team.

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