

DANVILLE FLYER

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CSX Still Selling Routes

CSX Looking to Shed More Than 1,100 Miles of Track. CSX Corp. is making good on its pledge to trim surplus rail lines with more than 1,100 miles of track now up for grabs. In filings with the Surface Transportation Board, CSX (Nasdaq: CSX) targets 460 miles of track across 28 different lines, in addition to the 650 miles of track it solicited in June. The lines, which CSX is looking to sell, abandon or discontinue service, are dispersed across a dozen states. Alabama stands to lose the most miles in CSX's STB filings at 180, but the 650 miles solicited in June concentrated mostly in New York are not broken down by miles. At the railroad's investor conference in March, Mark Wallace executive vice president and chief administrative officer, forecasted \$500 million from selling rail lines, plus \$300 million in real estate sales, over the next three years. "If we don't need it, let's get rid of it," Wallace said during the conference. "Our team has been unleashed to generate revenue wherever we



can find it." The rail and real estate sales are part of a larger effort by CSX to right-size the company. It has reduced its work-force by thousands, sold or stored hundreds of locomotives and made other significant cuts to its asset base since the company adopted an efficiency-focused operating model called precision scheduled rail-roading in March 2017.

CSX has netted major efficiency gains and now ranks among the most efficient railroads in North America by quarterly operating ratio, a measure of how much it costs CSX to generate a dollar of revenue. Despite the major cuts, CSX was able to handle a 5.5 percent increase in volume year-over-year in the third quarter. CSX CEO Jim Foote told the *Business Journal* after the company's third quarter earnings call that there was not a geographic or commodity-specific strategy to the lines the company is looking to sell. Rather, CSX is selling lines "that don't really fit well with our network anymore" and lines "that might have strategic value for CSX, but might be a better fit for someone else," according to Foote. Some of the lines that have been sold or abandoned had not carried trains in years, according to STB filings. CSX's STB filings do show a continued commitment to at least one geographic stretch: a 137-mile line from Atlanta to Chattanooga, TN. CSX filed for a new lease Oct. 22 on the line, which it has operated since 1890. "CSXT [CSX Transportation] does not expect there to be a change in operations or in the number of employees working on the Line," the CSX filing reads. "The Lease will not result in an increase or decrease of railroad traffic on the Line." CSX has netted \$52 million from real estate sales so far in 2018, about \$15 million in the third quarter. In May, the railroad received regulatory approval to sell 176 miles in Alabama and Georgia to Colorado-based HGS Railway Holdings Inc. CSX has not yet sold any of the 650 miles it opened to bidders in June. by Will Robinson, *Jacksonville Business Journal* (October 30) Via Midwest Rail Scene

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January 20th– Jocko's Pizza Restaurant on Williams St —Chapter monthly meeting 1:00 PM. Henry Schmitt will present program.

February 2nd – Rossville Depot Museum – operating session beginning at 1:00 PM. See Page for details

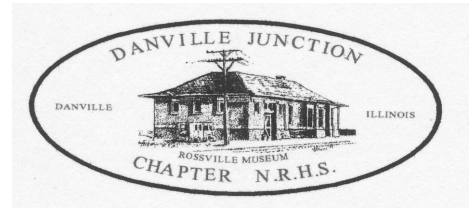
January 27th - Noblesville Train Show, Hamilton County Fair Grounds, 2003 Pleasant St., Noblesville, IN, 10:00 AM to 3:00 PM .

February 2-3—Great American Train Show, Indianapolis State Fair Grounds.

About Us

The DANVILLE JUNCTION CHAPTER, NRHS, is a not-for-profit corporation organized to preserve the history of railroading in Eastern Illinois and Western Indiana and operates a museum located in the former Chicago and Eastern Illinois Railroad depot on East Benton Street in Rossville, Illinois. The museum is open weekends from Memorial Day to Labor Day and features many railroad displays plus a large operating HO model railroad. Membership in the Chapter is open to any-

one having an interest in any aspect of railroading. Dues per year are \$30.00 for Chapter membership in addition to \$50.00 for NRHS membership. Rossville Depot Museum membership is \$30 per year. Meetings are held on the third (3rd) Sunday of each month (except June July, August and December) at the Jocko's Depot Restaurant, Gilbert Street (Illinois Route 1) and Williams Street, next to CSX (former Conrail), in Danville, Il with lunch beginning at 1:00 PM Central Time followed by meeting and program.



Officers for 2019—our 51st Year

Henry Schmitt – President
 Doug Butzow – Vice President
 Dick Brazda– Secretary
 Doug Nipper– Treasurer
 Dave Sherrill – Programs
 Jess Bennett – Historian
 Bob Gallippi – Museum Director
 Rick Schroeder – Editor & NRHS rep
 Cooke Business Products - Publisher



Operating Sessions at Rossville

(NO WATER or FACILITIES)

Saturday January 5th, February 2nd and March 2nd

All sessions will start around 1:00 PM

Remember, if we have bad weather we may not have the session, that is ice or more than 4 inches of snow and windy conditions.

NRHS and Local 2019 Dues Payment.

For those of you that are NRHS members you should have received a notice about paying for 2019 dues sometime this month or so. For NRHS members this will be completed on line but they will also accept checks and PayPal with the new system.

For your local renewal we sent out renewal notice last month and for payment please send your check (or pay at the next meeting) to the Treasurer at PO Box 1013, Danville, IL 61834.

2018— November Meeting Minutes

The November 18, 2018, meeting opened at 1334 at Jockos. There were no corrections to the secretary's October report.

The 11/15/18 treasurer's report shows only one expenditure, \$125 for water/sewer. Income from dues and donations totaled \$930. The balance in the account stands at \$5880.11.

Bob talked with Rossville about the water/sewer billing. The water at the depot is now shut off. Plastic was installed around the doors of the freight room.

The next operating session will be Dec. 8.

Elections were held for 2019 officers. All were reelected: Pres. – Henry Schmitt, VP – Doug Butzow, Secretary – Dick Brazda, Treasurer – Doug Nipper. Rick Schroeder will be our representative to the Advisory Committee of the NRHS.

Rick will handle the Dec. program, with Henry doing January.

Rick reported two donations of photo collections to the C&EI Society. Non C&EI photos will be donated to other museums or societies.

Dave will be attending the Crown Point, IN show on 12/1. He and Henry will be going to the Indy sho 12/8.

Meeting was adjourned at 1356.

Dave presented a video of NYC action in the late steam and early diesel era.

(Continued from page 1)

Editor: Lets see, how do you make a company look good to investors. Eliminate employees – done and in progress. Sell off real estate assets and rail lines – done and in progress. Sell off or scrap equipment – done and in progress. Note the \$800+ million additional income over three years and that looks good, so lets invest. What happens when all of this selling is over and nothing is left to sell. Time will tell, I guess. I do note that the NS 20T and 20A stack trains that connect with western carriers are now running 10,000 feet in length so there has been some benefit when CSX cut lane connections to both UP and BNSF. For our part lets hope that they don't decide to sell the little lot in Rossville. The last time that issue came up some 15 years ago I was told it was worth some \$90,000. Today they probably think it is worth twice that.

Most of you in the Danville area already know that CSX has demolished the former Conrail P&E building at Hillary Yard and are removing all track, until the Vermilion Valley Railroad stepped in and notified the STB of the removal without STB approval. The west 1 mile of track was already approved for removal to allow reconstruction of the I-74 interchange at Main Street.

NS Moves Corporate to Atlanta

The announcement was expected for months, but yesterday Norfolk Southern Corp. made it official: The Class I will move its corporate headquarters from Norfolk, Virginia, to Atlanta.

NS is in advanced discussions to purchase a site from Cousins Properties at 650 W. Peachtree St. NW in Midtown Atlanta, where the railroad plans to build its new headquarters. Progress on the move has begun and will span the next several years as the facility is built, NS officials said in a press release. "Norfolk Southern is excited to embark on a new future in the city of Atlanta," said NS Chairman, President and Chief Executive Officer James Squires. "This future depends on collaboration with customers, suppliers, and partners — and ready access to technology, talent and our 22-state network. A unified office team in a new Atlanta headquarters will connect Norfolk Southern with every resource needed for success."

Cousins Properties will manage development of the new headquarters, NS officials said. Additional details are expected during first-quarter 2019.

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A new NS headquarters in Atlanta — where the railroad already has extensive operations — will have a major impact on the metro region, state and city officials said in press releases. According to Georgia Gov. Nathan Deal, NS will invest \$575 million and create 850 jobs in Midtown. The company's expanded presence in Atlanta will have an estimated \$811 million economic impact on the region and "further



strengthen our position as a top-tier transportation and logistics hub," said Invest Atlanta President and CEO Eloisa Klementich.

The railroad's announcement likely surprised few. Squires acknowledged during a conference call with analysts in October that the company was considering moving the headquarters to Atlanta.

During yesterday's official announcement, Squires said NS is "grateful" to the city of Norfolk and the commonwealth of Virginia for supporting the company for more than the past three decades.

"We look forward to the continued growth of our business in the commonwealth as the many operating employees who remain serve the customers and promote economic development in this integral part of our network," he said.

Progressive Railroading 12-13-18

Editor: This late summer, early fall, NS completed the move of the Decatur Division dispatchers to Atlanta. Some stayed and went back into train service while other staff made the move to Atlanta. NS became the last Class I railroad to consolidate their dispatchers in one office setting. In the technology world of today you can dispatch a train from a laptop anywhere in the world (same can be done with a model railroad).



CanaPux by CN

CanaPux by CN

A recent U.S. court decision could give an assist to a CN-designed product aimed at making transportation of crude-by-rail safer and cheaper.

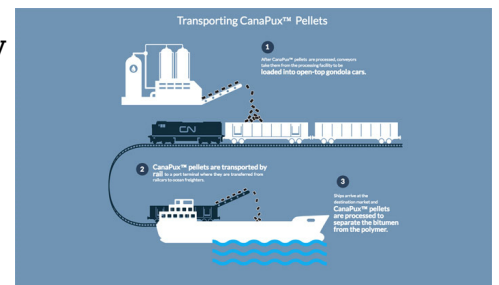
Canadian producers have seen shipments of their products stalled by congested pipelines, pushing it to more expensive rail. And, on November 8, a Montana District Court blocked President Trump's permit from January 2017 to allow TransCanada to finish the nearly 1,180-mile Keystone XL pipeline connecting Alberta oilsands with refineries in Texas.

That followed an August decision by a Canadian court to overturn Ottawa's approval for the expansion in British Columbia of the Trans Mountain pipeline.

Canada's largest railroad recently filed a patent for CanaPux™, a pellet-like product that wraps tar sands extract bitumen in a layer of polymer for transportation by rail. It can be handled like dry bulk commodities, stacked in less expensive open gondolas for shipment, then heated by refineries to separate the bitumen for refining and ready the polymer for recycling.

Alberta crude is selling for less than one-third of the cost of U.S. benchmark light crude, according to reports, because of problems getting it to market.

Moving oil pellets in lighter gondolas, CN said, would accommodate more crude per car than tank cars, and eliminate the need for diluent required for movement of liquid crude. After a spill the pellets are easily recovered on land as well as water, since they float. The railroad estimates costs of near-half that of transporting liquid crude-by-rail.



InnoTech Alberta is working with CN on the optimum composition of CanaPux™; a pilot production project by Toyo Engineering Canada is to demonstrate market viability. CN wants to partner on a pilot plant with capacity to transform 10,000 barrels per day of undiluted heavy crude into CanaPux.

Railway Age 11-20-18

President Truman Speaks in Danville

In 1948 President Harry S Truman made a whistle stop in Danville as he campaigned for the upcoming November election. The stop was at the site of the former Wabash depot on Main Street. For those of you that belong to the Vermilion County Museum there is an outstanding article by Mark Denman about the whistle stop. Early this year (2018) Dick Brazda



and I were invited, as representatives of the Chicago and Eastern Illinois Railroad Historical Society, to be part of the planning committee headed by Sue Richter of the museum. An event

was planned by the Illinois Political Theater as part of the Illinois Bicentennial Celebration. Besides the museum the Danville Light Opera, The Illiana Antique Auto Club, the City of Danville, the Danville Area Community College, WDAN and the Danville Area convention and Visitors Bureau.

The plan was to hold the event as close to the historic location as possible. The former Wabash property was not available as owned by Norfolk Southern so an area to the west, along Main Street where buildings once stood, was selected. The Light Opera built a replica of the rear of a passenger car from photos provided. I furnished the marker lights (off a NYC caboose) which the group powered up using a battery.

DACC furnished refreshments, a brass band from Chicago area furnished music, Andres Peters portrayed Truman with Nancy Henderson was his First Lady. Mayor Scott Eisenhauer and State Senator Scott Bennett portrayed local political leaders. Some 300 people attended the event including a number, who as kids, were there to hear the President speak.

Rick Schroeder



Western Maryland's C&O 2-6-6-2

The Beast of the East is about to get wheels. Diversified Rail Services, the contractor working on Western Maryland Scenic Railroad's Chesapeake & Ohio 2-6-6-2 No. 1309, says the drivers are progressing through machine work at Tennessee Valley Railroad Museum's Soule Shops in Chattanooga. Shane Meador of FMW Solutions LLC (and also with the non-profit working to restore Nashville, Chattanooga & St. Louis 4-8-4 No. 576), has been at work in the wheel shop to restore each axle, hub, and crank pin to working order. Each wheel set weighs in at over 5-tons a piece.

After resting outside in the elements for over 50 years, first in storage on the Chesapeake & Ohio Railroad and then on display at the Baltimore & Ohio Railroad Museum, No. 1309's rolling surfaces required overhaul to remove damage caused by corrosion and wear.

When completed No. 1309 will be unique among operating steam locomotives in the US. She was designed to haul heavy coal trains out of West Virginia coal mines when placed in service in 1949. When restoration work is complete in 2019, No. 1309 will be the only operating compound-mallet style locomotive east of the Mississippi River.

The railroad says it needs about \$300,000 to complete the locomotive, part to replace missing parts, part for labor, and part for a new coal loading and ash disposal system. A 1309 Club has been created to find 200 donors interested raising the money and finishing the engine. To help, see, wmsr.com/support-co-1309-restoration/

TRAINS On-Line 12-7



Mr. Tony Jones of Danville and Arizona passed away December 24th. Tony was a Danville policeman along with other public positions but was a railfan, hung out with Doug and I at Bob Barker's job at North Yard and was a member of the DJC Rossville Museum.

Monon Switcher Damaged

LOGANSFORT, Ind. — The cab of Monon's first diesel, operational SW1 No. 50, was sheared off in a trucking accident Thursday night less than two miles from where the 76-year-old unit was to be offloaded at the relocated Indiana Transportation Museum. The truck moving the privately-owned unit from Noblesville, Ind., to the museum's new home in Logansport struck the Norfolk Southern overpass of 3rd Street in Logansport.

The end-cab switcher was the only unit not seized last summer when the city of Noblesville evicted the museum from its long-time home. Many pieces were sold to other organizations, and a few were scrapped as the museum scrambled to clear the property. The last pieces moved out with minutes to spare before the deadline.



The Monon unit was to have been power for the new incarnation of the museum in Logansport. Trains is working to learn more about the accident and the museum's relocation.

TRAINS On Line 12-14 (Photo by Don Nickel)

CSX adds Distributed Power

JACKSONVILLE, Fla. — Distributed power will become an even more common sight on CSX Transportation tracks in 2019. The railroad, which has introduced distributed power in intermodal service over the past four months, aims to double its use of distributed power over the next year, says Jamie Boychuk, senior vice president of network operations.

"We're targeting some of our longer and heavier corridors," Boychuk says.

Distributed power is the railroad practice of placing one or more locomotives within or at the end of a train's consist to reduce in-train stresses related to braking and pulling, as well as help move trains more efficiently on territories with significant grades. These locomotives are remotely controlled by the crew from a lead locomotive. CSX sees service, efficiency, and safety benefits from distributed power. In January, when Ed Har-

ris joined the railroad as executive vice president of operations, distributed power was in minimal use on CSX and was limited to three or so coal trains per day, at most, Boychuk says.

"We actually almost wound down to nothing," he says.

Now 28 to 32 trains across the system are scheduled to use distributed power every day, including a dozen intermodal trains, 14 merchandise trains, and up to six coal trains. Harris has been a proponent of distributed power since his days at Canadian National and Canadian Pacific, which have long spread power throughout trains to improve train handling, save fuel, reduce train pull-aparts, and speed brake-charging times. After increasing distributed power use in the coal fields, CSX began experimenting with distributed power on intermodal trains, says Boychuk, a CN veteran. CSX first tested distributed power on Chicago-Jacksonville intermodal trains Q025 and Q026, which typically run between 12,000 and 14,000 feet long.

"This obviously helped with the handling of it as well as maintaining track speed on some of those days when it was long and heavy," Boychuk says.

The longest, heaviest intermodal trains on all three legs of the CSX triangle linking Chicago, New Jersey, and Jacksonville now regularly run with distributed power. In the past couple of months, CSX has introduced distributed power to the manifest network, Boychuk says.

The rollout of distributed power has enabled CSX to reduce train starts by moving traffic in longer trains. And fewer trains, as well as fewer meets in single-track territory, reduces congestion and improves transit times, Boychuk notes. Distributed power has enabled CSX to handle as much as 30 percent more tonnage per train with the same number of locomotives and horsepower, Boychuk says. Trains operated in distributed power mode also can better maintain track speed than when all the power is on the head end.

"Just by us going two on the head end, one in the middle, we were able to pick up track speed without having to add any horsepower and maintain the same tonnage," Boychuk says.

CSX also identified trains that struggled to maintain track speed with two units. Shifting to distributed power brought the trains up to speed without having to add a third unit to the consist or reduce the tonnage, Boychuk says.

With colder weather approaching — and its negative impact on brake-charging times — CSX is focusing on adding

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distributed power to trains on its northern tier, the former Baltimore & Ohio out of Chicago and the former New York Central Water Level Route east of Cleveland.

"We find that when you put a train together in the cold weather, distributed power cuts down more than half the time of pumping air when you make any type of a lift or double up," Boychuk says. For all the service and efficiency benefits of distributed power, it's safety improvements that are the technology's biggest advantage, Boychuk says. The longer and heavier a consist, the more prone the train becomes to separations en route.

"Train separations can occur for many different reasons, and when they do ... it could cause a derailment," Boychuk says. CSX prioritized distributed power use on trains and territory where separations were more common.

"We very, very seldomly have a [distributed power] train that has a separation out there compared to a conventional" motive power setup, Boychuk says. "We really wanted to go after some train reductions, moving more tonnage and more footage," Boychuk says. "But that safety aspect is even greater than anything for us."

CSX has about 700 locomotives equipped to run in distributed power mode, he says.

TRAINS On-Line 12-17

Editor: I am not aware if the intermodals through Danville from or to Chicago have been using DPU's so if anyone spots one let us know.

NS and Balanced Approach

Norfolk Southern is taking a balanced approach to encouraging shippers to more quickly load and unload freight cars, CEO Jim Squires wrote in a letter responding to the concerns of federal regulators. The railroad announced in October that it would increase penalties on customers who failed to meet certain standards for unloading and loading cars at their facilities.

"On the one hand, we are increasing certain demurrage charges to ensure efficient freight car distribution and an efficient supply of rail cars," Squires wrote in a Dec. 4 letter to Surface Transportation Board Chairman Ann Begeman that

was posted to the agency's website today. "We are also reducing certain credits related to the loading, unloading, and storage of freight in rail cars to incentivize customers to unload cars more quickly and return them into service. The faster these cars return to service, the more efficiently the nation's supply of railcars is being put to work."

Begeman wrote to the chief executives of NS and Union Pacific last month, questioning the fairness of the changes to certain car charges and penalties as both railroads look to become more efficient.

"On the other hand, because we are confident in our plan to improve our service, Norfolk Southern has balanced these changes by increasing the demurrage credits earned for certain NS failures," Squires wrote. "By making these enhanced demurrage credits available to customers, we are demonstrating to them our increased confidence in our service product, which should, in turn, cause them to further improve asset utilization, creating a virtuous cycle."

The changes take effect on Jan. 1 and are part of NS's move toward a new operating plan. Squires' letter did not use the term Precision Scheduled Railroading, although it did mention the same five core principles of railroads that use the operating model developed by the late E. Hunter Harrison.

"Our goals are to improve service to customers through more efficient operations, improve our cost structure, and help our customers grow," Squires wrote. "We are also making these changes in a methodical way to minimize the disruption on the network. When we are done, we expect to have a railroad with more capacity for our customers to grow their freight with us."

Begeman also had asked NS to hold weekly conference calls with STB officials, who want to monitor the railroad's operational changes. Squires wrote that the railroad would be happy to provide regulators with weekly updates.

NS announced on its third-quarter earnings call in October that it is in the early stages of adopting a new operating plan that will incorporate elements of Precision Scheduled Railroading. NS is redesigning local service, a process that will last into early next year before the railroad focuses on system-wide changes to through train operations. NS will detail its plans at an investor day set for February.

TRAINS On-Line 12-6



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We're on the Web!
www.danvillejct.org

Photo of the Month



Now that global warming is in vogue this scene will no longer be found in Illinois. It is February 5, 1978 and a Conrail plow train has stopped at Tab, Indiana southbound on the Cairo line of the former NYC. The RS unit is the power car with 4 units pushing, a caboose brings up the rear. Ed Davis and I caught this movement on a line that is now mostly abandon. RMS