

DANVILLE FLYER

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**MARCH 15TH
MONTHLY MEETING
AT JOCKO'S PIZZA BE-
GINNING AT 1:00 PM.
PROGRAM DANNY
HONN.**

**MARCH 28TH 10:00
AM TO 6:00 PM AND
MARCH 29TH, 11:00 AM
TO 4:00 PM. ANNUAL
MODEL TRAIN SHOW
AT LINCOLN SQUARE
SPONSORED BY THE
ILLINOIS TERMINAL
DIV, NMRA.**

**APRIL 4TH— ROS-
SVILLE DEPOT MUSEUM
OPERATING SESSION,
BEGINS AT 1:00 PM**

Union Pacific Coal Traffic, and Other Traffic, Down

Union Pacific's coal traffic — which is down 30% this year, on top of a 16% decline last year — has hit bottom as only the most efficient coal-fired power plants remain in operation, CEO Lance Fritz says.

“We think that what you’re seeing right now is all about natural gas below \$2,” Fritz told an investor conference earlier this month. “Once you’re in that ballpark, only the most efficient coal electricity generating units are fired up. And there’s precious few of them left to-day. So I think you’re seeing absolute baseload right now in terms of coal loadings.”

Last year natural gas prices were at their lowest point in three years, according to the U.S. Energy Information Administration. UP doesn't expect coal to rebound due to the abundant supply of low-cost natural gas used in electricity generation, Fritz says.

Renewable sources of energy, including wind and solar, also are elbowing out coal. Last April, renewables produced more power than coal for the first time ever, according to the EIA. The federal agency sees another wave of coal-fired power plant retirements coming over the next five years. Fritz says UP is poised for growth in other areas, but points to coal's decline as the main reason the railroad's overall traffic volume has been stagnant over the past 15 years.

“That's a big, big deal,” Fritz says of coal's decline. “That in and of itself is tens of thousands of carloads a week.”

Last week UP handled 15,294 carloads of coal. A decade ago, during the same week in 2011, UP handled 43,007 coal carloads.

UP also has bled substantial coal market share to rival BNSF Railway: Over the past decade, UP's coal volume is down more than twice as much as BNSF's, largely due to the railroads' different approaches to the business.

BNSF has studied energy markets and cut its rates when reduced transportation costs could prevent a coal plant from falling to low natural gas prices. UP instead has focused on “judicious pricing” of its traffic to earn an acceptable return, Fritz says. Over the years UP has claimed that BNSF's coal pricing is irrational, independent rail analyst Anthony B. Hatch says.

Another reason for the divergence in coal volume: BNSF owns most of the trackage in the Powder River Basin, so it has a larger fixed cost burden and therefore has more incentive to keep coal moving at lower rates. The railroads' different approaches show up in their annual coal carload figures.

Since 2008 — the year Powder River Basin coal production peaked — BNSF coal volumes have declined 24% and UP's have fallen 59%, according to a *Trains News Wire* review

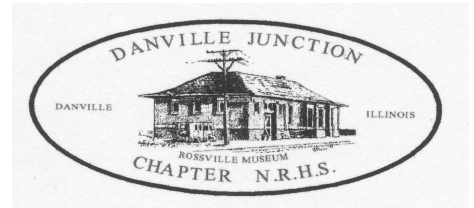
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About Us

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 anyone 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 2020—our 52nd 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 Wireless, LLC - Publisher & Distributor



(Continued from page 1)

of carload data reported to the Association of American Railroads.

In 2008, BNSF had a 52% to 48% market share advantage over UP. BNSF hauled 2.5 million coal loads, while UP handled 2.3 million. Last year BNSF's market share topped 66% as it hauled 1.9 million coal carloads, while UP handled half as much, or 932,161 carloads. BNSF's coal volume is down 6% this year to date and was down 6% last year. BNSF hauled 35 trains of coal out of the Powder River Basin last week, compared to 12 for UP, according to data filed with the U.S. Surface Transportation Board.

Fritz spoke on Feb. 19 at the Barclays Industrial Select Conference.



2020 — February Meeting Minutes

The Feb. 16, 2020, meeting opened at 1354 at Jockos.

There were no corrections to the secretary's report.

The month had \$60 in income from dues and \$30 in expenditures for a table at the Urbana RR show. Closing balance is \$6011.48. Currently there are 28 (9 NRHS) members.

The Urbana show is scheduled for March 28-9.

Several suggestions for a spring trip were voiced: Kenosha street car system, Pullman museum, Whitewater Valley RR, North Judson, IN, and French Lick IN.

Danny is covering the March program while April will be the Vermilion Valley. On 2/29, Dave, Henry and possible Skyler will be attending the Muncie train show. Henry indicated he was going to look at the depot to see if some display could be spruced up. Dave mentioned he toured the RR museum in Savannah, Georgia.

The meeting was adjourned at 1407.

Dick presented pictures from his 2019 rail trip in Switzerland.

BNSF and Warren Buffett

BNSF Railway has improved its profit margins without having to adopt Precision Scheduled Railroading, Berkshire Hathaway Chairman Warren Buffett said in a televised interview this week.

Buffett told CNBC that Berkshire Hathaway's railroad has gained market share and that its profit margins have improved. "But they haven't improved as much as some other railroads," Buffett said. Buffett noted that the late E. Hunter Harrison was "enormously successful" with his Precision Scheduled Railroading operating model, which dramatically improved profit margins at Illinois Central, Canadian National, Canadian Pacific, and CSX Transportation. Publicly, BNSF remains the lone Class I railroad holdout as the rest of the industry has adopted Precision Scheduled Railroading.

Will BNSF follow suit?

"Well, we'll see," Buffett says. "I mean we've watched it plenty. It makes the customers adapt to the railroad more than the railroad adapting to the customers and practically everybody's done it."

Rail shippers have complained to federal regulators about PSR-related changes at CSX Transportation, Norfolk Southern, and Union Pacific. Shippers have been critical of the three railroads' stricter demurrage and accessorial charges as well as changes to local service.

"Our margins are close to ... the better railroads," Buffett said. "And then we've gained share because apparently the railroad customers like us better. Over the long term we'll see. But it isn't like it's something we can't do."

BNSF's operating ratio improved 2.3 points last year to 64.6%, its best performance since 2015. Rival Union Pacific was more profitable, however. UP posted a record-low operating ratio of 60.6% in 2019 and has a long-term target of a 55% operating ratio.

But BNSF has grown revenue and traffic volume, while UP's revenue and volume have fallen. Since 2012, BNSF's revenue has increased 12.9% as traffic volume grew 5.5%. Over that period UP's revenue declined 3.3% as traffic slumped 1.8%. Last year BNSF's rail market share in the west was 53.4%, up from 51.6% in 2012, according to a *Trains News Wire* review of BNSF and UP carload data reported to the Association of American Railroads.

TRAINS On-Line 2-26

East Broad Top to Steam Again?

ROCKHILL FURNACE, Pa. — A non-profit foundation has purchased Pennsylvania's storied East Broad Top Railroad and plans several events on the railroad in 2020, with the aim of resuming regular operation in 2021.

The EBT Foundation Inc., backed by prominent rail-industry figures and longtime East Broad Top fans, will own approximately 28 miles of railroad, as well as the narrow gauge line's shops, rolling stock, and equipment. The purchase includes right-of-way from the south end of the concrete arch bridge over the Aughwick River below Mount Union to the road crossing in Wood Township.

The East Broad Top is a National Historic Landmark and is listed on the National Register of Historic Places.

"This is the best possible outcome for the railroad, which has been in my family for two generations," said Joseph Kovalchick, whose father, Nick Kovalchick, purchased the East Broad Top Railroad & Coal Co. after its coal mines closed in 1956. "It is with a combination of pride and relief that we pass the torch in its second reincarnation." The Kovalchicks will continue to own coal-company property that had been jointly owned with the railroad.

"When my father bought the company, it was never his intention to scrap the railroad. At the time he was the only one to stand for the EBT, and his role in the history books is assured. My generation has struggled to balance the need to preserve this national treasure with running it as a business, and I take pride in our role in its survival. But it is clear that a for-profit business model is not sustainable. Our faith in the new model is reflected in both the sale and the Kovalchick family's ongoing role on the board of the new non-profit."

Brad Esposito, a 20-year veteran of Genesee & Wyoming's Buffalo & Pittsburgh Railroad, led the effort to purchase the EBT, along with longtime EBT enthusiasts David Brightbill, Lawrence Biemiller, and Stephen Lane. Esposito will become the East Broad Top's general manager.

Backers include three rail industry and preservation heavyweights: Wick Moorman, former chairman and CEO of Norfolk Southern and former CEO of Amtrak; Henry Posner III, a former Conrail manager who is chairman of the Iowa Interstate

Railroad and the Railroad Development Corp., of Pittsburgh; and Bennett Levin, a retired mechanical and electrical engineer who owns the Juniata Terminal Co., which operates two Pennsylvania Railroad E8 diesel locomotives and three private cars.

Esposito says the EBT Foundation has a three-part mission: to preserving and operating the East Broad Top as a steam railroad; to educating visitors about the role of railroads in local and national history; and, to promote local and regional tourism and economic growth.

"The East Broad Top is a unique national treasure unmatched anywhere in the United States," says Esposito. "It has been impressively preserved for over 60 years by the Kovalchick family. We are excited to pick up the torch and ensure that the



EBT #17 passes under wood bridge—October 1976—Rick Schroeder photo

railroad is preserved for future generations.

"Our close partners will be the volunteers of the Friends of the East Broad Top. They have contributed countless hours of work and significant amounts of money to help preserve the historic fabric of the EBT since 1983.

"Also, we look forward to working with the Rockhill Trolley Museum." The all-volunteer trolley museum dates to 1960 and operates over the former Shade Gap Branch of the EBT.

"The East Broad Top is a remarkable survivor from the age of steam railroading," says Moorman. "I'm delighted to have the chance to be a part of its revival, both for the preservation of such an important part of our industrial heritage, and for the economic benefits that it will provide to an area of Pennsylvania that is so closely linked to the railroad industry."

Levin notes that the EBT runs through a bucolic landscape almost unchanged since the early 1900s. "The railroad's historic fabric is an important component of the region's industrial archaeology, and the educational possibilities here are almost limitless."

The new organization's advisors include Linn Moedinger, former president of the Strasburg Rail Road — one of the most successful tourist railroads in the U.S. — and Rod Case, a partner at the consulting firm Oliver Wyman who leads its railway practice. Among the organizations providing support is the Allegheny Ridge Corp., which manages the region's state-

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designated Heritage Area. The corporation “is thrilled to participate in the rebirth of this great asset,” says Astride McLanahan, a longtime board member of the organization. “The EBT is a jewel in the Allegheny Ridge Heritage Area and its revitalization will bring economic opportunity to this rural community.”

Built from 1872 to 1874 to haul coal to a new iron furnace in the center of the state, the 33-mile-long East Broad Top survived the collapse of the local iron industry at the turn of the 20th century because the top-quality coal it carried had found other markets, thanks in part to close cooperation with the Pennsylvania Railroad. When the last of the coal mines closed in 1956, the East Broad Top was purchased by the Kovalchick Salvage Co. of Indiana, Pa. Despite being in the scrap business, the company left the railroad intact and in 1960 reopened a portion for steam-powered tourist trains that proved widely popular.

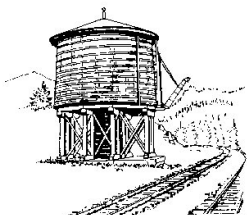
The 3-foot gauge railroad is the only surviving original narrow gauge line east of the Rocky Mountains. The railroad’s shops complex, which dates to the 1880s and was greatly expanded from 1905 to 1907, is among the most complete early-20th-century industrial facilities anywhere in the U.S.

Still in the railroad’s roundhouse in Rockhill Furnace are six steam locomotives built for the EBT by Philadelphia’s Baldwin Locomotive Works between 1911 and 1920. They share the building with the unique M-1 gas-electric, constructed at the railroad in 1927 with plans and parts from Philadelphia’s J.G. Brill Company, a leading streetcar manufacturer, and Westinghouse Electric. Other EBT equipment includes passenger cars believed to date to the 1890s and numerous steel freight cars built in the EBT shops. The East Broad Top was the only American narrow gauge to convert to an all-steel freight car fleet.

Remarkably, track remains in place over nearly the entire 33-mile main line, which connected the coal mines in Rob-

ertsdale to the Pennsylvania Railroad at Mount Union. The former PRR main line is now Norfolk Southern’s east-west route between Harrisburg and Pittsburgh.

“The East Broad Top Railroad is a unique historic asset that is a national



treasure representing our area’s rich railroad heritage,” says state Sen. Judy Ward, who represents southern Huntingdon County. “The sale of this railroad to this group of longtime EBT enthusiasts who are committed to preserving and operating it as a steam railroad is very exciting news for the region because it preserves this irreplaceable treasure for future generations while opening up significant tourism and economic development opportunities.”



Ed Davis and I having lunch out of the back of my 1975 Vega at the East Broad Top Railroad, October 1976

Says Posner: “Aug. 13, 2020, will be the 60th anniversary of the East Broad Top’s first reopening, which took place during the bicentennial of the founding of what became the ‘twin boroughs’ of Orbisonia and Rockhill Furnace. This was an era of revised expectations in the face of the decline of the railroad industry nationwide. At that time Nick Kovalchick could not have imagined the possibility of reopening the entire line, but fortunately our industry’s renaissance

has helped create an environment in which this important and audacious project can succeed. We are honored to follow in the footsteps of two generations of the family that has made this all possible.”

“This will be a monumental undertaking,” says Esposito, “and I encourage anyone interested in helping us to join the Friends of the East Broad Top and come work on buildings, track and equipment.”

The railroad’s new website can be found at eastbroadtop.com.

APRIL 19TH MEETING WILL BE OUR ANNUAL RIDE ON THE VERMILION VALLEY RAILROAD. MARK YOUR CALENDAR NOW.



PTC Status at the End of 2019

At the conclusion of 2019, Positive Train Control (PTC) was in operation across 98.5% of the required Class I route miles, according to the Association of American Railroads (AAR).

The nation's largest railroads remain on track to meet the final deadline for full implementation of the critical safety technology—Dec. 31, 2020—with several railroads already operating the technology across their entire required PTC footprint, AAR said. For the remainder of this year, the Class I's will continue to focus on testing to ensure that PTC systems are fully interoperable and work seamlessly across operations as railroads regularly run across each other's tracks.

As of Dec. 31, 2019, Class I's had invested \$11.47 billion in the development, installation and implementation of PTC and had the technology in operation across 53,001 miles of the 53,676 miles of PTC-required track. As required by law, all seven railroads had installed all necessary wayside, back office and locomotive hardware; had all spectrum in place; and completed all necessary employee training as of Dec. 31, 2018.

What is required by law?

PTC as mandated by the Rail Safety Improvement Act of 2008 (RSIA) must be designed to prevent four major types of train accidents:

Train-to-train collisions.

Derailments caused by excessive speed.

Unauthorized incursions by trains into sections of track where maintenance activities are taking place.

Movement of a train through a track switch left in the wrong position.

The statutory deadlines established by Congress required that by Dec. 31, 2018, Class I's must have:

All hardware installed.

All radio spectrum acquired.

Over 50% of PTC territory or route miles implemented.

Training completed for all employees operating in PTC-enabled territory.

All Class I's met the December 2018 requirements, which allowed them up to an additional 24 months to test and ensure the system is fully interoperable. By Dec. 31, 2020, all Class I's must have:

Testing completed.

Full PTC implementation across the network.

"America's freight railroads will finish the job on PTC by the final December 2020 deadline," said AAR president and CEO Ian Jefferies. "PTC—coupled with other advanced technologies—drives down risk and fuels railroads' next leap forward to ensure our people, infrastructure and equipment are safer than ever. Railroads are committed to an accident-free future, and fully implementing PTC continues our industry's progress toward that ultimate target."

Via RT&S 1-29

Second Section—

The Federal Railroad Administration (FRA) has awarded the Terminal Railroad Association of St. Louis (TRRA) a \$21.5 million grant to be used for the rehabilitation and reconstruction of the Merchants Bridge.

The grant was awarded for fiscal-year 2019 under the Consolidated Rail Infrastructure and Safety Improvements program.

"The awarded funds are critical to maintaining the current level of service to cargoes shipped by rail and passengers on Amtrak, which in turn reduces congestion and wear and tear on the region's highways," said TRRA President Mike McCarthy in a press release. Built in 1890 to serve the St. Louis region, the bridge is load restricted, which allows traffic on only one of its two main tracks, TRRA officials said.



The \$220 million project calls for removal and replacement of the three main spans over the Mississippi River, seismic retrofitting of the piers and rehabilitation of the east approach, they said. The bridge's west approach was rebuilt in 2016. The main spans will be built to current design standards to accommodate the nation's future heavier freight loadings and clearances, providing a usable double-track alignment, railroad officials said.

When completed, the bridge will allow for more freight being transported by rail instead of by truck, as well as reduce the wait time for trains to travel across the bridge.

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The TRRA will provide 90 percent of the cost to replace the bridge. The project began in 2019 and is expected to be completed in 2023.

Bridge spans will be constructed near the project site and floated into place after the existing structures are floated out, thereby shortening down time to ensure continued efficient rail and river operations in the region, railroad officials said.

Tennessee Pass to Reopen?????

A firm controlled by billionaire New York City real estate magnates has asked the Surface Transportation Board to order Union Pacific to sell its 228-mile Tennessee Pass route so that the historic Colorado line can be reactivated.

KCVN LLC and its subsidiary, Colorado Pacific Railroad LLC, last week said they would buy the long-dormant route for its liquidation value of \$8.8 million, down from a \$10 million offer they made to Union Pacific in November. UP in December declined Colorado Pacific's offer and said it was in active discussions with other parties to restore service on the line.

But KCVN and Colorado Pacific say they could find no evidence that UP was talking with potential line suitors. So, they filed a feeder line application to gain control of the route. It's the same maneuver they used in 2018 to acquire and resuscitate the 121.9-mile Towner Line in eastern Colorado.

The sale of the Tennessee Pass line to Colorado Pacific would create a nearly 400-mile route extending from Towner, Colo., to Dotsero, Colo., that would provide grain and mining shippers with a shortcut to Utah and the West Coast, KCVN says in its filing.

Colorado Pacific would spend \$278 million to bring the Tennessee Pass route back to Federal Railroad Administration Class 2 track standards that would permit 25 mph operation.

UP says it continues to work with another potential operator for the Tennessee Pass route. *(Editor: BNSF has rights over the Moffitt line and would like the TP line. UP is down to 7 trains a day on the Moffitt line)*

"We are aware of the complaint; however, we are in active discussions with another party to potentially restore ser-

vice to the line, and we plan to continue those discussions," a UP spokeswoman says.

KCVN is controlled by New York real estate developer Sheldon Solow and his son, Stefan Soloviev, who reverted to the traditional spelling of the family's name. Soloviev, who controls Colorado Pacific, has extensive land holdings in the West totaling more than 350,000 acres, including cropland in Colorado, Kansas, and New Mexico. His companies, which operate under the name Crossroads Agriculture, own grain elevators in eastern Colorado and western Kansas.

"If they want to move grain west, either to flour mills at Salt Lake City/Ogden or Los Angeles, or for export from Pacific Northwest points along the Columbia River in Washington, the wheat must first move 250 miles east to Hutchinson, Kansas, and then be placed on another westbound UP line, along which it travels 250 miles back west just to reach the State of Colorado again, having traveled 500 miles without any net westward progress," William Osborn wrote in Colorado Pacific's regulatory filing.

Efforts to move grain westward are stymied by the 500-mile detour and the long-closed gateway at NA Junction, where the Towner Line meets the UP-BNSF Railway Joint Line 26 miles east of Pueblo, Colorado. "They are not an everyday occurrence," she says.

Feeder line applicants must demonstrate that:

- A sale is required by "the public convenience and necessity."
- The current owner has no interest in providing service over the line.
- Current service is inadequate.
- The sale of a line will not have an adverse financial effect on the current owner.
- The sale will improve service.

Tennessee Pass, with its 3% grade, was one of two main lines the Denver & Rio Grande Western maintained over the Continental Divide. UP took over the combined Rio Grande-Southern Pacific system in 1996 and a year later ceased regular service over the pass. The east end of the railroad, from Pueblo to Parkdale, was later sold to a short line, Rock & Rail, but UP maintains trackage rights. The Royal Gorge Route Railroad also operates excursions out of Cañon City. Both would remain in place under Colorado Pacific's plans.

Trains On-Line 2-18



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

Photo of the Month



Penn Central #2345 leads PE10 eastbound at Brickyard Siding just east of Hillary Yard. The track on the left is the lead to the brickyard located on the south side of U. S. 150. The two tracks are gone and the “main track” the train is on is out of service. Photo by George Wynn, June 1974. Rick Schroeder collection.