

Rail Outlook? Good and Bad News!

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Volume III, No. 23. December 15, 2011

It appears that rail, in almost every category, is leading the way out of our current national economic doldrums. U.S. rail freight has been posting week-over-week gains of three or four percentage points for most of the fall. Amtrak continues to post impressive ridership gains across the country, including most Virginia stations. Light rail transit is up in most markets, including strong start-up ridership on the new Norfolk Tide. Heavy rail transit is also up in most markets across the U.S., with the puzzling exception of the Washington Metro. VRE commuter rail continues to register impressive numbers, and performance. Are these results indicative of long-term trends? Can they be sustained?

On the worrisome side of the ledger, there is considerable evidence that coal, the largest single segment of rail freight, on a ton-mile basis, may be at, near, or possibly passing its peak (as this is being written!), and is likely to begin a slow decline. A recently-publicized Exxon study predicts coal use, world-wide, will begin to decline after 2025, *for the first time in history*. Tougher clean-air rules, expected to take effect next year in the U.S., are prompting a dramatic shift by utilities to natural gas. According to newspaper reports, Virginia is already seeing abundant evidence of the negative impact upon rail-hauled coal. [Export coal excepted.]. Closure of several coal-fired utility plants, including ones in Alexandria, Yorktown, Chesapeake (supplied by water) and at Bremo Bluff, is anticipated in the near future. Dominion Power recently announced that it is considering a huge new addition to its Chesterfield power-generating complex, which would burn natural gas, not coal. The potential negative revenue impact upon American railroads cannot be overstated.

Then there is highway competition for freight. According to recent news reports, pressure from U. S. shippers, and some truckers, for legislative approval of heavier truck weights is resulting in more exemptions from the so-called nation-wide 80,000-pound (forty-ton) limit. Trucks of 50 tons or more have thus gained approval in a large number of states. With the exception of rail's small share of truly highway-competitive freight, that being rail-truck intermodal ("IM"), heavy cargo is the lifeblood of the U. S. rail freight industry. One does not have to be a visionary to see where this could lead.

Movement of people by rail, whether commuter or intercity, is attracting more riders all the time -- arguably this is the strongest growth segment of rail -- being especially compatible with the shift of the U. S. economy from traditional heavy industry to technology and service. Yet expansion of passenger rail is constrained by: (a) freight railroads, intent upon transforming themselves into the equivalent of above-ground pipelines [two-mile-long capacity-consuming trains, even in some rail IM lanes], (b) hostile political ideologues, and their right-wing "think-tank" friends, who cannot

believe, or do not wish to, that the public wants and needs train travel, (c) a growing deficit -- one that must be addressed soon -- in public investment in transportation infrastructure, and (d) lack of federal transportation policy that addresses these issues. Have you reason for optimism? Yes/No? Happy Holidays! #####