Tealinc

Touchbase

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www.tealinc.com

Tealinc scholarship deadline is fast approaching. Submit your application today!

AAR solicits comments regarding special instruction for cars shorter than 45' 06"

286K cars shorter than 45' 06" over pulling faces may have restrictions over certain routes

Scholarship Applications Deadline March 29, 2013

Tealinc scholarship is open to all children or dependents of a person working in the rail industry or who works in rail shipping, receiving, transportation or operations department that is directly responsible for shipping or receiving products via rail.
Submit your scholarship application today! The deadline for this application is March 29, 2013.

Click here for the scholarship application and guidelines.

Railroad & Policy Updates

On February 21, 2013, the Association of American Railroads (AAR) released Circular Letter C-11894 which, as drafted, seeks the industries comments for the EEC proposed revision to Section C-II, Specifications for Design, Fabrication, and Construction of Freight Cars, M-1001, Paragraph 2.1 Design Data. The circular explains the AAR intent to solicit comments regarding a revision is a special instruction to car builders when 286K cars are built shorter than 45 feet 6 inches over pulling faces. The circular explains that while these cars are acceptable for interchange, the requirement in Paragraph 2.1.2.2. directs the car builder to contact the intended operating railroad, as some routes may have restrictions. Read through Chapter 2 here: **msrp-c2chapter2.pp9-10.20130122.pdf**

While these cars may be intended for use in unrestricted interchange service, they must comply with the following requirements; however, 286K cars shorter than 45' 06" over pulling faces may have restrictions over certain routes. **It is suggested that this occurs prior to construction.**

Type Truck	Maximum Track Load (lb) Per Car	Per Axle	Wheel Size (in.)
4 wheel	286,000	71,500	36
6 wheel	315,000	52,500	30
6 wheel	360,000	60,000	33
6 wheel	394,500	65,750	36

The following table was developed to show the minimum truck centers and minimum length over pulling faces for 70-ton and 100-ton freight cars having standard overhang dimensions.

Gross Rail Load (lb)	Bolster Centerline to Striker Face (Overhang)	Truck Centers (Minimum)	Length Over Pulling Faces (Minimum)
286,000 and 263,000	4 ft 11 ½ in.	29 ft 5 in.	41 ft 11 ½ in.
	5 ft 5 ½ in.	28 ft 4 ½ in.	41 ft 11 in.
	5 ft 11 ½ in.	27 ft 4 in.	41 ft 10 ½ in.
220,000	4 ft 11 ½ in.	22 ft 6 in.	35 ft 0 ½ in.
	5 ft 5 ½ in.	21 ft 6 in.	35 ft 0 ½ in.
	5 ft 11 ½ in.	20 ft 6 in.	35 ft 0 ½ in.

Furthermore, instructions are given for how to find the center of gravity of a car. At the conclusion of the circular, comments from interested parties are solicited under the provisions of AAR Standard S-050 and all comments received within 30 days of the issuance of this circular will be considered by the EEC.

You can learn more at **www.aar.org** or contact Tealinc today. You can also submit comments to David Cackovic, Chief, Technical Standards and Inspections at TTCI, at "david_cackovic@aar.com."

Mechanical Brief with Steve Christian

There are many aftermarket upgrades that can make huge difference in the operation and maintenance of industrial locomotives

Many industries are not as diligent in keeping up their locomotives as they should be. The typical EMD switcher found at most industries around the country are workhorses that perform well in less than ideal conditions. The typical industry checks fluid levels and changes brake shoes, but little else is done until something breaks. Once something breaks, there is usually panic followed by large repair bills and devastating disruptions in plant switching.

There is no substitute for a comprehensive locomotive preventive maintenance program. If you get a program set up and follow it religiously, you will be pleased with the results. However, before entering into a maintenance program you must determine the current condition of your locomotive. Undertake remedial actions necessary to bring your unit back into good repair, then customize a maintenance program based on the amount of switching performed and the operating environment.

Now that I am off my soap box about preventive maintenance, modern technology offers many opportunities to upgrade switch locomotives. Most industrial locomotives were built in the 1950's and 1960's. In spite of the age of these units, there are many aftermarket upgrades that can make a huge difference in the operation and maintenance of industrial locomotives. I will only write about one in this article that I consider very important.

Excessive idling is not only destructive to your diesel engine; it also wastes a lot of fuel

Diesels run the best when they are exercised very vigorously. While over revving is not good, long periods of idling may be more damaging. In my experience, most industrial switchers spend a lot (if not most) of their life idling. Excessive idling is not only destructive to your diesel engine; it also wastes a lot of fuel. There are aftermarket systems available that can be installed on these older switchers that will shut down the locomotive after a predetermined length of idling time. It will also sense when the engine needs to be restarted to build up engine temperature or air pressure for braking. In my opinion these systems are inexpensive and the payback can be calculated in just months based on fuel savings alone. We also know that maintenance savings would be substantial as well but hard to quantify. In my mind, this is a no brainer!

This is only the tip of the iceberg of locomotive improvements that are available today. Tealinc stands ready to guide you in your quest to save costs and improve performance.

Steve Christian is the Manager Value Creation-Railcar Performance Manager for Tealinc, Ltd. You may contact Steve directly out of our Nebraska office at (308) 675-0838 or via email at ***steve@tealinc.com****.*

AAR reports mixed traffic results for February 2013

Carload increases for petroleum and petroleum products, crushed stone, sand and gravel, motor vehicles and parts, lumber and wood products

Carload declines for coal, grain, primary metal products and iron and steel scrap

BNSF to test fueling locomotives with natural gas

"While there are

Railroad Traffic

The Association of American Railroads (AAR) March 7, 2013 reported that U.S. monthly rail traffic showed mixed results in February 2013.

Intermodal traffic in February 2013 totaled 983,078 containers and trailers, up 10.5 percent (93,231 units) compared with February 2012. That percentage increase represents the biggest year-over-year monthly gain since December 2010. The weekly average of 245,770 intermodal units in February was the highest weekly average for any February in history.

Carloads originated in February totaled 1,113,843 carloads, down 1.1 percent (12,562 carloads) compared with the same month last year. However, carloads excluding coal and grain were up 4.5 percent (25,311 carloads) in February 2013 over February 2012.

Commodities with the biggest carload increases in February included petroleum and petroleum products, up 64.2 percent or 21,326 carloads; crushed stone, gravel and sand, up 17.2 percent or 10,759 carloads; motor vehicles and parts, up 2.6 percent or 1,722 carloads; and lumber and wood products, up 10.4 percent or 1,310 carloads. Commodities with carload declines last month included coal, down 4.8 percent or 22,583 carloads; grain, down 17.8 percent or 15,290 carloads; primary metal products, down 7.1 percent or 3,313 carloads; and iron and steel scrap, down 14.7 percent or 2,810 carloads.

"Rail intermodal traffic continues to grow. In February, year-over-year intermodal volume on U.S. railroads rose for the 39th straight week, and February saw the first double-digit year-over-year increase in two years," said AAR Senior Vice President John T. Gray. "Shippers find intermodal appealing for a lot of reasons, including fuel savings, higher trucking costs, and service that has become much better in recent years."

Visit the AAR at:
https://www.aar.org/newsandevents/Freight-Rail-Traffic/Pages/2013-03-07-railtraffic.aspx

Industrial Inside

As the issue of reducing natural gas flaring at oil well sites in western North Dakota has become a hot topic of late, one major hauler of Bakken crude is looking at the possibility of using natural gas for fuel.

Railroad giant BNSF - which has a large presence in North Dakota - announced this week that it will "begin testing a small number of locomotives using liquefied natural gas as an alternative fuel" in an experimental pilot program later this year.

A major logistical presence in the Bakken play, BNSF locomotives run on diesel fuel -- the company is one of the larger U.S. consumers of diesel -- but there's a chance that could change and it could cause a shift in how Americans use oil.

"The use of liquefied natural gas as an alternative fuel is a potential transformational change for our railroad and for our industry," BNSF CEO Matthew Rose said in a statement. "While there are daunting technical and regulatory challenges still to be faced, this pilot project is an important first step that will allow BNSF to evaluate the technical and economic viability of the use of (LNG) in through-freight service."

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Mass flaring of natural gas has been occurring in the Bakken for several years, largely because companies have had no infrastructure in place to transport it, although pipelines are being constructed. Satellite pictures from space in recent years have shown that sparsely populated northwest North Dakota is illuminated almost as much as major U.S. cities, such as Chicago, partly from natural gas flaring.

Flaring popped up as an issue during the current North Dakota legislative session.

"We don't know enough about using natural gas to fuel locomotives yet," said Bob Moffitt of the Clean Cities Coalition, a program run through the U.S. Department of Energy with the goal of building partnerships to reduce petroleum use in transportation. "But we do know that in road vehicles, natural gas produces significantly less greenhouse gases, particulates and overall pollution. The reduction really is significant."

BNSF -- the largest railroad company in the U.S. -- has been working with its two principal locomotive manufacturers, General Electric and Electro-Motive Diesel, an arm of Caterpillar, to develop the natural gas engine technology that will be used for its new pilot program, according to the company's release. If all goes as planned, the pilot project could begin this fall with possible retrofitting of trains to follow.

"We are certainly seeing throughout the upper Midwest more fleets that are looking at compressed natural gas and there are some retailers that are adding natural gas to their list of products," Moffitt said. "Kwik Trip in Wisconsin has started adding natural gas to several of its stations, and that's branching out into other states. There is a lot of interest in the area of using natural gas as a transportation fuel."

Besides being better for the environment, natural gas is also much cheaper now on the open market than diesel, which has a national average of $4.13 per gallon.

BNSF spokeswoman Amy McBeth said larger locomotives can hold up to 5,000 gallons of diesel fuel.

The idea, however, is not new -- the former Burlington Northern railroad used natural gas locomotives in the 1980s and 1990s. In its release, BNSF noted that "improved economics make the use of natural gas in long-haul service more operationally feasible today." The company also said "significant regulatory challenges" need to be addressed.

"The changed market for natural gas in the U.S. is a critical part of our decision to explore it as a locomotive fuel," Rose said. "We will be working with the equipment manufacturers, the various regulatory agencies and

"The changed market for natural gas in the U.S. is a critical part of our decision to explore it as a locomotive fuel"

government officials to address the necessary actions to accomplish this."

Read the entire article at:
http://www.inforum.com/event/article/id/392653/group/homepage/

Sturdy job gains offer bright sign for economy

Unemployment rate lowest since December 2008

"It's a first step down a long road before the Fed is convinced we are really we are seeing a substantial improvement in labor market conditions… the unemployment rate is still too high"

Financial Focus

Employers added a greater-than-expected 236,000 workers to their payrolls in February and the jobless rate fell to a four-year low, offering a bright signal on the economy's health.

The data from the Labor Department on March 8, 2013 showed the economy gaining traction. The unemployment rate fell to 7.7 percent, the lowest since December 2008 as more people found work and others gave up the hunt.

Economists welcomed the report, but worried that government budget tightening in Washington could slow the recovery's momentum.

"We had already moved from a slog to a jog and we are on course to really get rolling. The risk here is, while the economy is gathering speed, the politicians are stepping on the brakes," said Bill Cheney, chief economist at John Hancock Financial Services in Boston.

A 2.0 percent payroll tax cut ended and tax rates went up for wealthy Americans on January 1, and $85 billion in federal budget cuts started taking effect on March 1.

The employment report, which showed broad-based job gains, was just the latest sign of the economy's fundamental health, and it added fuel to a rally in U.S. stocks that had already propelled the Dow Jones industrial average to record highs.

The Dow scaled another closing high and the Standard & Poor's 500 index rose for a sixth straight day on Friday. The U.S. dollar raced to a 3-1/2 year high against the yen and touched a three month peak against the euro.

The yield on the benchmark 10-year U.S. Treasury note hit an 11-month high around 2.08 percent.

While payrolls growth beat economists' expectations for 160,000 jobs, it was not seen as a game changer for the Federal Reserve, which has pumped more than $2.5 trillion into the economy to foster faster growth.

"It's a first step down a long road before the Fed is convinced we are really we are seeing a substantial improvement in labor market conditions," said Michael Hanson, a senior economist at Bank of America Merrill Lynch in New York.

"They will want to see 200,000 job growth, not just in one month, but several months in a row. The unemployment rate is still too high."

The central bank is buying $85 billion in bonds per month and has said it would keep up its asset purchases until it sees a substantial improvement in the labor market outlook. It is likely to remain leery of withdrawing its support too soon given the tightening of fiscal policy.

A Reuters survey of the 17 large financial institutions that deal directly with the Fed found that they all expected it to continue bond purchases until at least late this year. Eleven expected the program to continue into 2014.

Although December and January's employment data was revised to show 15,000 fewer jobs added than previously reported, details of the report were solid, with construction adding the most jobs since March 2007 and hours for all workers increasing.

STILL AMPLE SLACK

The pace of hiring in February marked an acceleration from the 195,000 per month average of the prior three months, and it approached the roughly 250,000 jobs per month economists say are on a sustained basis to significantly reduce unemployment.

Still, employment remains three million jobs below the peak reached in January 2008.

Highlighting the need for faster employment growth, the share of the work age population with a job was unchanged at a historically low 58.6 percent for a third straight month, a reminder of the immense slack that remains in the labor market.

In addition, the report showed that in February the jobless experienced longer periods of unemployment.

Last month, construction employment increased by 48,000 jobs after rising by 25,000 in January. The housing market has turned around decisively and employment is also being support by rebuilding on the East Coast after the destruction by Superstorm Sandy in late October.

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Manufacturers also stepped up hiring. Factory jobs increased 14,000 last month after rising 12,000 in January.

Retail employment increased by 23,700 jobs, an eighth straight monthly gain that defied a recent slowdown in sales.

Healthcare and social assistance saw another month of solid job gains. The same was the case for the leisure and hospitality industries.

Government continued to shed jobs. Public payrolls dropped 10,000 last month after falling 21,000 in January.

The sustained steady job gains are lending some stability to wages. Average hourly earnings rose four cents last month. That was the fourth straight monthly gain. Earnings were up 2.1 percent in the 12 months through February, rising for by the same margin for a third month in a row.

"This provides a significant offset to the multitude of headwinds plaguing the consumer in the first quarter and suggests spending could do a bit better than anticipated," said Tom Porcelli, chief U.S. economist at RBC Capital Markets in New York.

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Learn more at:
http://www.reuters.com/article/2013/03/08/us-jobless-idUSBRE9260NS20130308

The Edge

Welcome to March! The first quarter of the railroading calendar year continues to reflect a stagnant economy. Grain and coal cumulative originated rail carloads reflect a decrease of 27,873 from February 2012 to February 2013. Despite this decline overall carloads were up 4.5% (see article in this newsletter). Generally with such an increase we'd expect the railroad velocity and service performance to stagnate as well. However the opposite it true -railcar turn times and velocities are running better than ever. It boils down to a mix issue. Coal and grain trains represent the slowest drags on the railroad system. Long heavy trains don't move fast and require a lot of locomotive, crew and track resources. With fewer of these trains in the system everything else speeds up.

While manifest trains are complicated and require a lot of switching, we'd expect the proportionate increase in manifest trains to at the least have the same impact as one would historically expect. The fact is railroads have gotten quite good at classifying railcar trips from origins to destinations. Precision execution, integrated network management, optimal scheduling – whatever you call it railroads don't generally let too many railcars set on their system without having a plan for them.

So as a shipper, what can I expect as a result of these service improvements? Better service is really too simple of an answer but low and behold, it is the answer and with better service you should expect some surpluses of private railcars in your business / logistics cycle. That can result in demurrage and storage implications that you may not have otherwise have planned on. It may be time to re-evaluate your fleet composition as managing you assets (owned or leased) will help you save money now and in the future.

Another pressure point is the railroads use of OT-5. Don't forget to be sure your OT-5 is current with your private railcar needs and remember what is relevant to your strategy. Be sure to protect your right to use private railcars. It's critical to remember that often times when railroads are surplus equipment they pressure shippers to use railroad equipment. Using railroad supplied equipment is good when used for your surge business. It's not good when you are at the mercy of competing for railroad supplied equipment to meet your base business needs. It's very difficult to ship product or receive key inputs without a means of transport.

If you need an independent third party to give you a fact based opinion on your fleet composition or strategy we'd welcome the opportunity.

We look forward to earning your business!