

iNShort

The **NORFOLK SOUTHERN** Short Line Newsletter



VOLUME 2, 2ND HALF OF 2016, DECEMBER 2016



WELCOME TO OUR NEWEST SHORT LINE PARTNER KANAWHA RIVER RAILROAD

Over 100 years ago the New York Central Railroad knew that to compete with the Pennsylvania and Norfolk & Western lines, that they needed more friendly access to Appalachian coal deposits. Thus a century long cooperation began with the New York Central and the Virginian Railway. What began as a lifeline for the NYC became the most important

general merchandise rail operation for West Virginia.

The West Virginia Secondary track evolved over time as the NYC merged and became the Penn Central and later Conrail. But when Norfolk Southern ended up with parallel routes through West Virginia, the necessity for access to this route for NS became minimal. The changes in the coal market, remoteness of the Charleston, WV area to NS centers of operation and the physical challenges of the route all brought forward the decision



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that something different and better was needed for both NS and the local communities.

As traffic declined, NS discontinued the through route to Columbus in 2016, causing inconvenience for both merchandise and some coal shippers. Knowing that this was not the best solution, NS, upon careful consideration of options, ultimately selected Watco Companies to take over the operation and reconnect the pieces. Watco formed the Kanawha River Railroad (KNWA). This 309-mile railroad extends from just outside of Columbus, Ohio with the NS Lake Division through southeastern Ohio, then across the Ohio River and along its namesake river through Charleston, West Virginia. After several more river miles it takes a dramatic turn into coal country across the river and through rugged valleys of back to back eight and ten degree curves with grades up to 1.8



percent. The KNWA finally terminates at Elmore Yard on the Pocahontas Division.

A challenging railroad for any organization, Watco took this challenge with gusto. On day one at the Dickinson Yard office near Charleston, Watco's "Go Team" was in place with experienced Road Foremen, Locomotive Engineers and Trainmasters. Working 24/7 to anticipate the needs of a new operation they worked around a cleaning crew sanitizing the former NS crew base both to show that this is a new day and to give their team a clean and bright work environment.

Several experienced railroaders accepted this challenge to be a

part of building something new. This included the KNWA's new General Manager, former NS Trainmaster Derrick Jackson. This not only gave him the background to "handle the territory", but also the insight on how to reach back into the NS organization to solve the next "crisis du jour".

The customer base has had its surprises for Watco in the first couple of months. First, was an unanticipated bump in unit coal train permits pushing the



available new crew base. Second, on only their second day a coal mine in Ohio which had not loaded one single train in months and did not show up on the customer list, ordered in a unit train for that week.

Operationally, the Kanawha River Railroad showed that the unexpected would not stop their safe and successful startup. The eight miles surrounding the lines crossing the Ohio River is over historic CSX trackage rights. A technical question about the transfer of these rights delayed Watco from connecting the northern and southern portions of the railroad for about three weeks. Due to the unpredictable flow of the coal trains NS and Watco agreed to a trip lease of needed motive power. As some of this power was currently stored at Roanoke and had not operated for a while, both KNWA and the NS operating department communicated daily to overcome issues, place

available additional resources and provide backup plans as needed. Each side praised the other for the combined “let’s get this done” attitude that has been a part of every conversation.

Since startup, three new customer opportunities are on the front burner for Watco’s marketing team of John Gogniat and Brigid Rich:

- An existing shipper handling recyclables wants to double their volume. Watco’s Industrial Development Department is assisting with track plans and approvals.
- A major new methanol plant has located a site for construction at Institute, WV and the NS Industrial Development team is assisting with this 2017 project.
- A line not previously known for its bulk transload except for coal, there is a solid

opportunity to move fly ash in significant quantities.

Watco and NS Short Line Marketing personnel have been making joint customer calls and developing sales priorities. Joint team members are evaluating existing sidings and adjacent land, working to develop an industrial development site inventory to help locate the next opportunity.

Recently the daily operational problem solving calls between NS and KNWA were eliminated. This is a solid indication that the startup is over and that trust has been built on both sides, signifying an ability to handle today’s and tomorrow’s next challenges as a combined partnership team, dedicated to building the future.



BECOMING MORE TRUCK-LIKE: IMPROVING ASSET UTILIZATION

The Short Line Marketing team at Norfolk Southern has been focusing on improvements in asset utilization. With its short line partners Short Line

Marketing has worked in conjunction with the Modalgistics team to design a Customer First Mile Dashboard to track the total days that system cars are on other roads. This tool tracks the time that it takes a car to go from interchange to place, place to release and release back to interchange to determine the overall total days on a short line. Since the inception of this tool the Short Line Marketing

department has been able to work with our short line partners to discuss major pinch points in the network in an effort to reduce the overall days on line. As of October 2016, the Short Line team has been able to achieve a 63% reduction in total days on line for all of our short line partners collectively. The group has been very encouraged by the cooperation that we have received from all of our rail partners. We will continue to use this tool to keep Norfolk Southern and our short line partners' networks running in the most efficient manner possible.



NORFOLK SOUTHERN SUPPORTS HURRICANE MATTHEW RECOVERY EFFORTS IN SOUTHEAST

NORFOLK, Va., Oct. 11, 2016 – Norfolk Southern is donating \$50,000 to the American Red Cross to assist with Hurricane Matthew relief efforts across five southeastern states.

Hurricane Matthew brought heavy rains and flooding across NS' service territory in Florida,



Georgia, South Carolina, North Carolina, and Virginia. More than 13,000 people in those states sought shelter in Red Cross and community evacuation shelters as the storm moved up the coast.

"Many of our Norfolk Southern employees and facilities are located in these affected areas, and Red Cross recovery efforts are timely, effective, and vital," said James A. Squires, NS chairman, president, and CEO. "We want our employees,

customers, and community neighbors to know that Norfolk Southern is there to help where it's needed most."

Norfolk Southern employs 9,500 railroaders in the five states and operates over 5,000 miles of railroad there. For the most part, NS train operations have returned to normal since the storm moved up the Southeast coast.



FLOODING ON THE NITTANY & BALD EAGLE RAILROAD



Unexpected downpours led to devastating flooding in Central PA on Friday, October 21st. Milesburg, PA and the surrounding area were hit very hard. Homes were flooded, people were stranded, and the county declared a State of Emergency. The Nittany & Bald Eagle Railroad (NBER) also saw the impact of the flood waters.

After a storm that dumped more than seven inches of rain in three hours, Buffalo Run, Spring Creek, and Bald Eagle Creek water levels rose dramatically. Local officials said this event was the worst case of flooding the area had seen since hurricane Ivan in 2004.

The primary damage to the NBER was ballast and rip rap related. There were several significant washouts and debris deposits that necessitated a quick response. In order to quickly restore the railroad and be able to serve the customers as soon as possible, the NBER's Maintenance of Way (MoW) Department, led by Pete Symons, worked tirelessly

through the weekend and had the track back in service at 3:40 p.m. Sunday, October 23rd, returning to full train service on Monday, October 24th. By Tuesday, October 25th, the entire railroad was restored to track speed, allowing immediate, uninterrupted freight service to customers.

Thankfully, no rolling stock was damaged or affected by the flooding, as it was all positioned out of harm's way. Unfortunately, the weekend's Fall Foliage Train





Excursions, sponsored by the Bellefonte Historical Railroad Society, were canceled.

The NBER is extremely thankful to Glenn O. Hawbaker for keeping their business open through the weekend, making nearly 3,000 tons of ballast available for the repairs to the washouts. The NBER is also thankful to K.W. Reese crews that assisted the NBER MoW

Department in ballast distribution.

NS runs 18.6 unit trains per month (2016 average) over the NBER main which runs thru Milesburg, PA-one of the areas worst impacted by the described flooding. In fact, NBER called NS

dispatchers/operations Sunday night after the Friday storm to advise them that they could again run trains on the NBER main Sunday night as the main line had been repaired. NS response was that they were okay until Monday-but no NS trains were disrupted as a result. NS unit trains that run over NBER supply two very important NS customers- The Talen Energy Generating station

known locally as Strawberry Ridge that receives unit trains of bituminous coal, and the USG Drywall plant at Washingtonville that receives unit trains of Synthetic Gypsum from western PA power plants. Had NBER's response not been so quick NS would have had to detour these trains over a longer more circuitous route.



REMEMBER TO SAVE THE DATE! NS SHORT LINE MEETING, MAY 22-24, 2017



Make plans now to join NS at the 16th annual Short Line Meeting to be held May 22-24, 2017 in Norfolk, Va.

The format will be similar to the previous years with golf and tours available on Monday morning/afternoon and the welcome reception on Monday evening. Tuesday will begin with the general meeting session followed by lunch with Chairman, President and CEO Jim Squires. The afternoon will be filled with breakout sessions until 5:30 p.m. The reception and trade show will run until 6:45 p.m. and be immediately followed by the awards dinner. Additional breakout sessions will be scheduled as needed on Wednesday until noon.

You will receive an email before the end of the first quarter. Norfolk Southern looks forward to seeing you in May.

If you have any questions or need additional information, please contact:

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or

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UPCOMING EVENTS FOR 2017

MARCH

Railroad Day on Capitol Hill - 3/2/2017

NS Caucus Meeting - 3/29-31/2017

MAY

NS Short Line Marketing Meeting - 5/22-24/2017

SEPTEMBER

ASLRRA Southern Region Meeting - 9/25-27/2017

OCTOBER

ASLRRA Easter Region Meeting - 10/23-25/2017

NOVEMBER

ASLRRA Central Region Meeting - 11/13-15/2017

SHARE YOUR SANTA TRAIN EVENTS!



During this “most wonderful time of year”, many of you bring smiles and happiness to children of all ages with your “Santa Trains”. For the NS Short Line website, NS would like to feature your railroads and stories. Please send a short write-up (with pictures if available) to Erika Karl (Erika.karl@nscorp.com).

Have a wonderful Holiday Season!



NORFOLK SOUTHERN SYSTEM MAP



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