Testimony on Substitute House Bill 250
Midwest & Bluegrass Rail, LLC
Brendan C. Keener
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Committee Chair Kunze, Vice Chair Reineke, Ranking Member Antonio, and members of the Ohio Senate Transportation Committee, thank you for allowing me this opportunity to offer testimony on Senate Bill 250. My name is Brendan Keener, and I am a manager for Midwest & Bluegrass Rail, LLC, which owns and operates the Youngstown & Southeastern Railroad in northeast Ohio.

Ohio ranks in the top five among states for railroad infrastructure and activity, with over 5,000 miles of freight rail track in the Buckeye State. Roughly sixty percent of this network is operated by the large Class I (mainline) railroads, while about forty percent is operated by shortline and regional (local) railroads such as the one I represent today. While some of these may span multiple states, most of them are small businesses with less than 50 miles of freight rail track, preserving low-density branch lines that are the lifeline to otherwise-isolated communities and freight shippers.

Legislation passed in 2023 contained provisions requiring the installation and maintenance of wayside defect detectors, commonly known as "hot box" detectors, on freight rail tracks across Ohio. The mandate requires detectors to be installed every ten miles on all railroad tracks in the State. The intent of the legislation was to improve safety, and wayside defect detectors have proven effective in certain applications. However, the original law did not differentiate between the larger and smaller types of freight railroads. The infrastructure and operating characteristics of smaller railroads warrant a refinement to this law, which as I'll explain, would actually be an enhancement to the intent of safety.

Overheated bearings (called hot boxes) are a product of pressure and speed. However, much of Ohio's freight rail network consists of shortline and regional railroads that operate smaller trains, over shorter distances, at lower speeds. These conditions are seldom sufficient to heat a wheel bearing to the point of failure. The Youngstown & Southeastern Railroad has had no incidents involving an overheated wheel bearing, as far back as my records show. Although we operate roughly 30 miles of rail line in Ohio, the railcars we handle rarely travel more than 25 miles on one trip. Many travel five miles or less. We run one to two local freight trains per day, and our maximum operating speed is 10 miles per hour.

What we have found as we work in good faith towards compliance with this law is that the wayside defect detector systems required would not only consume a significant portion of our capital budgets but would also most likely not be function effectively on our railroad. A wayside detector implementation guide produced by the Federal Railroad Administration (FRA) states that "Passing trains should usually traverse with at least 10 mph along the selected location." The suppliers of these systems have provided similar guidance. Thus, our operating characteristics do not meet the speed threshold for these systems to be effective. We are just one typical example of the many small railroads in Ohio.

The commonsense refinements proposed in Senate Bill 250 would align the mandate with the operating characteristics of the different types of railroads in Ohio. There would be no change to the installation requirements on the large Class I (mainline) railroads. However, the mandates for shortline and regional railroads would be adjusted. To reflect the FRA and manufacturers' guidelines for wayside detectors, tracks on these railroads with operating speeds at or under 10 miles per hour would be exempt. For Class

II (regional) railroads, the spacing between detectors would be increased from 10 miles to 25 miles. And finally, for Class III (shortline) railroads, the spacing would be increased to 35 miles. These adjustments reflect that trains on shortline railroads tend to be smaller, slower, and travel shorter distances compared to mainline trains, thus inherently reducing the risk for overheated wheel bearings.

As I mentioned, the risk of hot box defects is extremely low at the track speeds typical on ours and other small railroads in the State. On the other hand, nearly all derailments on our railroad in recent years have been attributed to track infrastructure conditions, such as broken rail and wide gauge between the rails due to exhaustion of the crossties. While I'm not at liberty to share dollar amounts, I can say that our track maintenance expenditures have exceeded half of our gross revenues in some of the years during which our company has owned this rail line. That's been the case not due to preference, but due to necessity. All the rail on our tracks was manufactured between 1925 and 1930 and needs replacement, not to mention the constant need to replenish crossties and ballast stone. Diverting our limited capital to wayside detectors that don't function at our operating speeds would hurt our ability to address these more pertinent safety needs on our railroad.

Local railroads are still heavily focused on safety improvements by directing infrastructure investment to where it counts: track repairs and maintenance. Our railroad has replaced about 20% of the crossties on our busiest segment over the last year, with plans for additional projects to replenish ballast stone and replace aging rail. This work is far from complete. However, the markets we can access are limited by geography and our pricing is relatively fixed, so the amount of capital available for these projects each year is limited. The average installed cost of one hot wheel bearing detector would equate to the replacement of 2,000 crossties on our rail line. Thus, asking for a refinement to last year's legislation isn't a way for us to cut costs and widen profits; it's a reflection of our desire to allocate the limited capital we have available back towards the most pressing safety needs specific to small railroads.

By targeting the most critical needs for safety improvements and focusing on creative, flexible service to customers, railroads across Ohio have used their resources for good. Repairs to aging track components, crossing surfaces, and other infrastructure have contributed to an industry-wide reduction in track-caused accidents by about 55% since the year 2000. With this in mind, we respectfully ask that you allow us to continue this momentum by considering this refinement to reflect the safety needs and operational characteristics of shortline and regional railroads in Ohio. Thank you.