

Short Line Railroad Overview

National Electrical Manufacturers Association - May 13, 2021

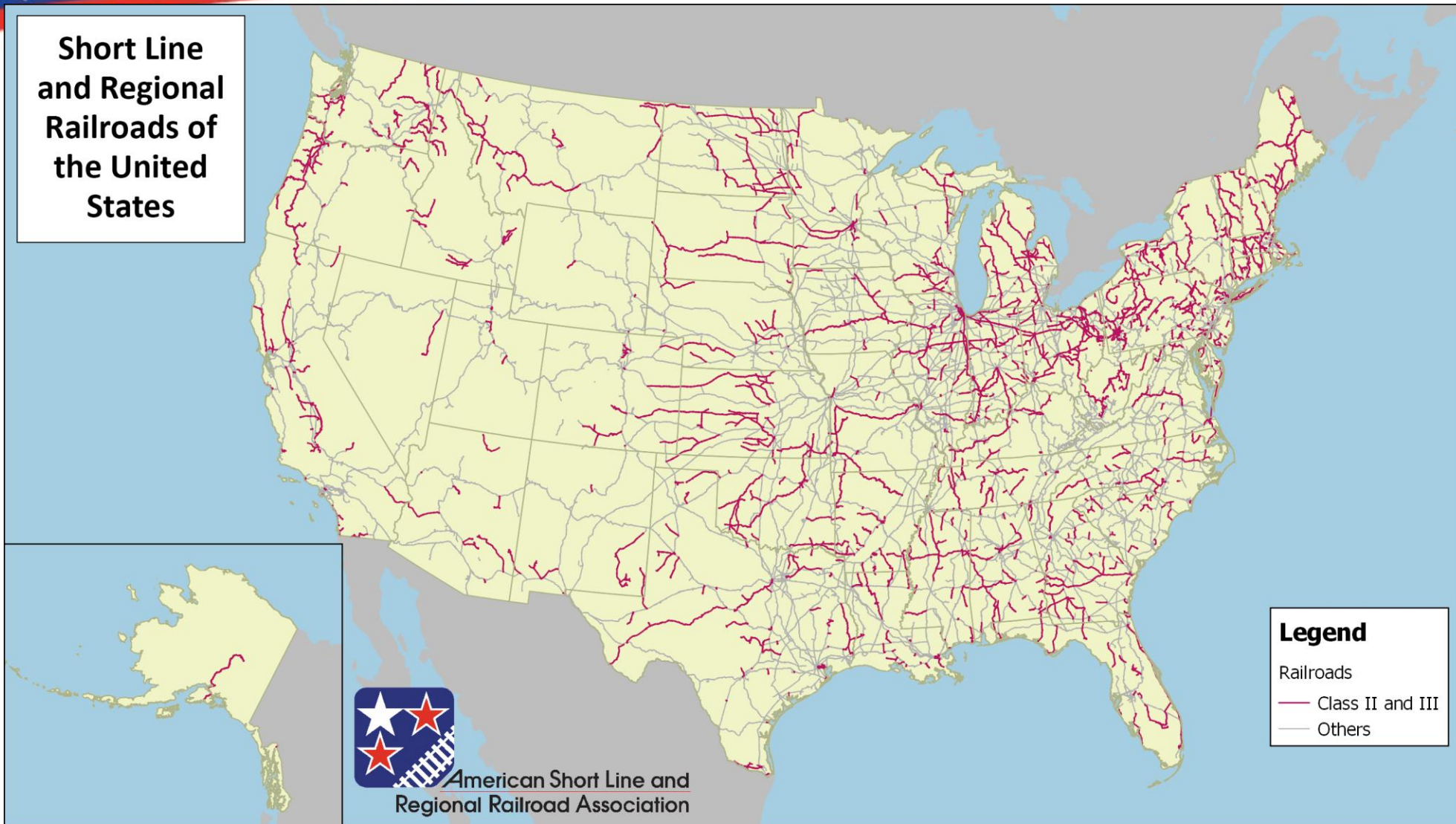
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AVP Data & Technology




Short Line and Regional Railroads of the United States



Short lines provide the critical first and last mile of freight movement, operating in every state except Hawaii over almost 50,000 miles of track.

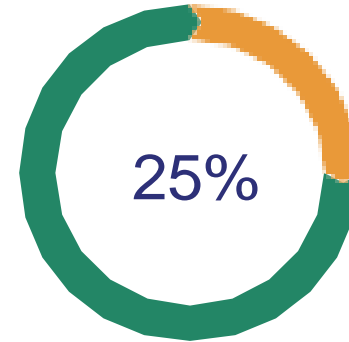
THE SHORT LINE CONNECTION: A CRITICAL PIECE OF THE U.S. FREIGHT RAIL SYSTEM



First & Last mile of service
1 in 5 cars moving throughout the system each year start or end on a short line

26%
of the freight rail network in the U.S.

10,000+
customers are served by short lines



Short lines provide more than 25% of rail service in 36 states.

Comprised of 600 small business railroads, the short line rail industry was created by entrepreneurs who took large financial risks to save marginal or money-losing Class I railroad branch lines from abandonment.

SHORT LINES INVEST IN THEIR INFRASTRUCTURE

- Short lines annually invest **25-33%** of revenues in upgrading rails and bridges to modern standards, ensuring that railroads are the safest form of surface transportation.
- Short line railroads keep 31.8 million heavy trucks off local roads, and away from the motoring public.

50% REDUCTION

in train derailments since 2005 when the Short Line Tax Credit (45G) went into effect, incentivizing more than \$5B in industry infrastructure investments to date, according to Federal Railroad Administration.



WHAT IS A SHORT LINE?

In the U.S., freight railroads are classified by the Surface Transportation Board (STB) into three classes based on their revenue and the nature of their operation

- **Class I railroads** are carriers with annual revenues in excess of **\$504.8M**
- **Class II railroads** are carriers with annual revenues less than **\$504.8M** but more than **\$40.4M**
- **Class III railroads** are carriers with annual revenues less than **\$40.4M**, or are carriers that provide exclusively switching or terminal services regardless of their revenues

In general, both Class II and III railroads are referred to as **short lines** or **small railroads**, with Class IIs sometimes referred to as **regional railroads**



SHORT LINES ZERO EMISSION LOCOMOTIVE INITIATIVES

- Anacostia Rail Holdings' affiliate **Pacific Harbor Line (PHL)** recently signed an agreement with Progress Rail to use its EMD Joule battery electric locomotive in a demonstration project at the ports of Los Angeles and Long Beach, California. The new six-axle locomotive is a zero-emission, zero-idle and low noise.
- Recently, the California Energy Commission yesterday awarded **Sierra Northern Railway (SERA)** and GTI nearly \$4M to fund the design, integration, and demonstration of a hydrogen fuel cell switching locomotive at the Port of West Sacramento. The funds will be used to retire a tier 0 diesel locomotive and to replace it with a zero-emission switching locomotive using advanced hydrogen technology. The project involves the integration of advanced hydrogen fuel cell, hydrogen storage, advanced battery and systems control technologies to provide an alternative to diesel-powered locomotives.

