SMOKE & CINDERS

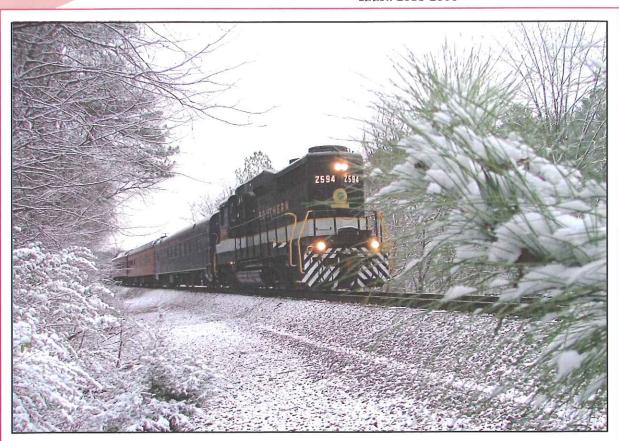
Published by the TENNESSEE VALLEY RAILROAD MUSEUM, INC.

A non-profit educational corporation



The mission of the Tennessee Valley Railroad Museum (TVRM)
is to collect for preservation, operation, interpretation, and display
railroad artifacts in an authentic setting to educate the public
concerning the role of railroads in the history and development of our region.

Volume 49, Number 1; First Quarter 2010 ISSN: 1083-1606



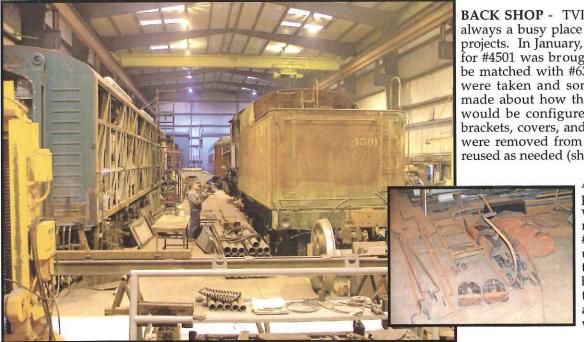
SOUTHERN SNOWFALL - Operationally, year 2010 started with a few school group charters in February and, for the first time, scheduled Missionary Ridge Local service on Saturdays. As the month moved forward, things began to pick up. Valentine Dinner Trains were originally offered for four evenings (two trips per evening if needed), but with heavy advertising they quickly sold to capacity. Two dates were added to meet the demand. A total of eleven trains operated over six days, and one date featured a rare 'winter wonderland' run in Chattanooga. Although it snowed throughout the day on Friday, February 12, much of the accumulation had melted by departure time. As shown above, Southern GP30 #2594 leads the 5:30pm dinner train out of Grand Junction Station and heads toward Chickamauga Creek. Nearly 600 riders enjoyed the experience of riding a Valentine Dinner Train. The trips were well received and David Duncan and crew did an outstanding job of serving passengers each evening in our dining car. Immediately after use on the Valentine trips, Diner #3158 was taken out of service for a trip to the shop. Moisture had seeped behind the side sills through several small cracks in the roof and was rusting a few of the inside wall panels. While the structural work was taking place, there was an opportunity to replace the dining area carpeting (which was on hand) and give the interior a thorough cleaning and painting. This work was done in preparation for the upcoming Chickamauga Turn season...and beyond. More images of Valentine Dinner Trains and dining car restoration on the following pages. (Photos by Steve Freer unless otherwise noted.)



FIRST DAY - As always, restoration work continues at TVRM; even on the first day of a new year! Shown during a January 1, 2010 work session are (L-R) John Tyson, Andy Hendee, Bob Ralph, Katie Slider, Robert Frye, and Brian Roberts. Photo by Shane Meador (also working) with John Tyson's



LAST RUN - It is with great appreciation (and sad regrets) that we bid Ken Frazer a "happy retirement." Ken was a TVRM volunteer and diesel locomotive engineer for 15 years. In addition to engine service, he worked in the shop, and provided planning and installation for electric service in the wheel shop addition over 10 years ago. He also upgraded the East Chattanooga turntable electric service as well as fabricated new controls for the turntable installed in Summerville. Farewell Ken, and many thanks for your efforts at TVŘM! Ken is shown before departing on the Chickamauga Christmas Special on Dec. 5, 2009, with Tim Andrews (L) and Jim Miller (R). Photo by Ryan Miller.



BACK SHOP - TVRM's Soule Shop is always a busy place and crowded with projects. In January, the original tender for #4501 was brought into the shop to be matched with #630. Measurements were taken and some decisions were made about how the new tender tank would be configured. Handrailings, brackets, covers, and other components were removed from the old tank to be reused as needed (shown below.)

> As previously reported, #630's tank was severely deteriorated (as was #4501's old one) and using #4501's longer tender frame as a base for the new tank will allow additional coal and water capacity.



FRONT SHOT - At left is a view of #630 from mid-January. A spotlight was in place which highlights the front fluesheet and the superheater header. As months went on, more components were replaced such as the smokestack.

BACK UP -Shane Meador (right) is seen working on #630's power reverse. This mechanism is operated by air and moves the reverse gear as the engineer adjusts the reverse lever in the cab. You might call the operation power-assisted.



VALENTINE SPECIAL DINNER TRAINS – This year's annual Valentine Dinner Trains were heavily advertised and well patronized. Originally four evenings were on the schedule, but two additional dates were added. A total of eleven trips ran over six evenings. Below is a pictorial diary of the service including two photos from February 8, several interior photos from February 11, and additional photos from the February 13 trip complete with snow.



















SNOWY CHATTANOOGA – This part of Tennessee doesn't receive too much snow, so imagine the surprise when several snowfalls caught locals off guard. Canadian National #5288 surely felt right at home as the white stuff was falling on March 2 only a few days before TVRM's steam season began on March 6.





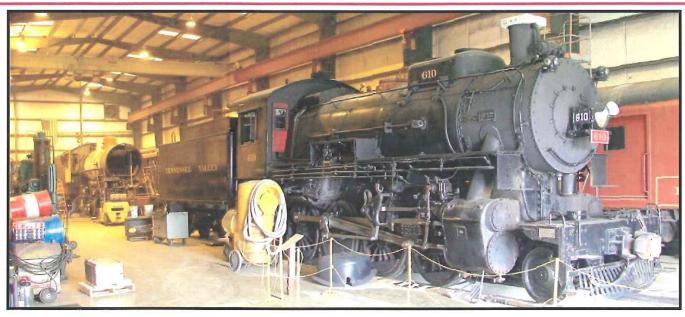


STEAMY CHATTANOOGA – As is anticipated in the spring of each year, steam sprung at TVRM on March 4 as #610 ran a break in run. This was a revenue trip for several large school groups and required four coaches rather then the usual three on a *Missionary Ridge Local* train.

610: 0-8-0? – Number 610 had several repairs completed before entering her 21st year of service at TVRM. Among other things, the lead truck was removed and the frame renewed. At right shows the wheel-less front end over our drop pit and below are the springs and rigging components for the lead truck as Shop Foreman George Walker welds on the frame.



Below is the re-built frame before rinstallation. And at bottom left is a shot of #610 after the repair, preparing to lift a four-car train out of East Chattanooga. This season may be abbreviated for #610 because of its upcoming FRA 1,472 day inspection.



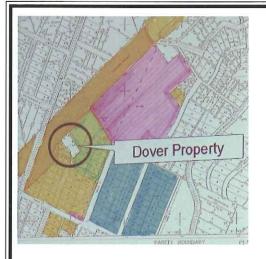
BACK TOGETHER – Seen inside Soule Shops at the end of February, Number 610 is being readied for service. Notice its steam dome cover adjacent to the drive wheels, and Locomotive #630 in the background.

BACK TOGETHER TOO – Immediately after the Valentine trips, Dining Car #3158 entered the shop to have roof leak damage repaired. A few of the interior panels were removed and replaced while the roof was properly sealed. Bob Moore painted the interior before carpeting and curtains were replaced. The job was completed in time for DOWT.





TVRM CLEAN UP – Member Mark Brainerd has made it his mission to tidy up around TVRM. He has been stacking extra ties and moving other eyesores to more appropriate areas. Speaking of the shop skid/steer loader, Brian Hunt did a general maintenance blitz on the unit, which included not only mechanical attention, but also a nice paint job. Many thought we bought a new "bobcat" machine!



MADE (W) HOLE - After a donation of land by Norfolk Southern Corporation last year, TVRM owned a large piece of property in East Chattanooga, sans one section. Essentially a "donut hole," Dover Truck Repair was surrounded by TVRM. When Mr. Dover retired he decided to sell his property and we were first on the list. The former Dover building actually has a common wall with the TVRM warehouse building and our employees were actually parking on Dover property. It was apparent that making the

purchase was our only option to protect TVRM's interests. Not only did we gain the "middle of the donut" in East Chattanooga, it included a large garage building with an office, additional parking/storage area, as well as a nice late-model utility truck. Now that TVRM owns all the property accessible via our driveway off North Chamberlain Avenue, plans are in place to improve security by installing a fence or gate across the main driveway.

2009 Financial Data

(Unaudited) Presented at the 2009 Annual Meeting

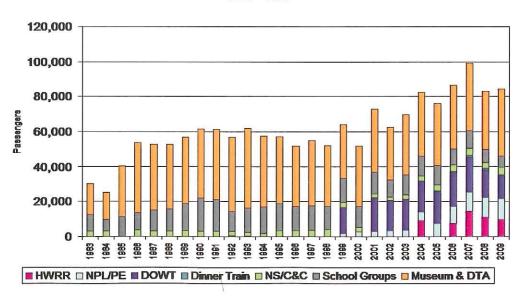
Revenue:		Capital Spending and Debt Reduction:	
Admissions	446,857.31	2009	369,661
Gift Shop	136,064.58	2008	136,240
Food Service	49,296.58		
Shop Services	5,555,85	2007	144,649
Sheet Metal Shop	14,225.45	2006	306,893
Track Repair Services	69,782.07	2005	349,562
Hiwassee Passenger	489,711.78	2004	306,424
Hiwassee Freight	201,954.00	2003	122,009
Thomas!	385,305.78	2002	203,555
Dinner Trains (Museum)	48,425.47	2002	208,175
Georgia Excursions	181,941.72	2001	206,173
North Pole Event	275,139.70		
Dues & Other Operating Income	81,906.67	Nine year total	2,163,513
Misc. Incidental Income	1,830.83	Equipment:	
Freight Activities	622,883.65	Improvements	
Cash Gifts & Donations	78,571.26	1. Steam Locomotive 630	91,301 (total investment 395,894)
T . 10 11	0.000 450 50		
Total Cash Income	3,089,452.70	2. E8A 6914	8,991 (49,300 over past nine years)
		3. Grill Coach 873	16,579 (101,847 since acquisition in 2005)
Expenses:			
Operating & Shop Payroll	389,028.01	Acquisitions	
Buildings, Grounds & Track Maint.		Dover Building and Land in East Chattanooga	
Locomotive Repairs	36,419.61	2. Dover Equipment	
Rolling Stock Maint.	30,701.05		
Other TVRM Op. Exp.	304,735.25	3. Lookout Sheet Metal Equipment	
MRL and Misc. Event Exp.	14,006.39	4. Spare passenger car trucks	
Sheet Metal Shop	23,292.67	5. RDC 6134	
Outside Track Exp.	71,121.17	6. TVA GP9 28	
Warehouse Exp.	11,508.21	7. Used Regulator and Tamper	
Advertising & Marketing	141,782.23	0	1
Merchandise & Food	153,406.39	Deaccessions	
Insurance	125,622.92	1. GP7 1832	
Hiwassee Expenses	618,464.63		
Thomas Event	239,353.60	2. RSD1 8668 and 8014	
Georgia Trips Expense	92,430.84	3. VO1000 27	
C&C Dinner Train Exp.	27,116.78		
Museum Dinner Train Exp.	27,121.23	Manpower	
North Pole Event	69,381.81	Employment at year end 16 FT and 26 PT employees.	
Eerie Express	1,898.28	Volunteer	
Freight Service Exp.	151,067.58		7,596
Exhibit Exp.	20,248.05	T&E Operations	**************************************
Non-Capitalized Equip. Acq.	13,715.02	Shop	4,533
Taxes & Benefits-Payroll	226,603.31	DOWT	4,150
General & Admin.	348,611.01	Administration	1,250
		Total	17,529
Total Cash Exp.	3,185,693.25	Equivalent to approxima	
	,,	1	3 1
Net Cash Income	<99,999.26>		

Tennessee Valley Railroad Museum **Balance Sheet**

December 31, 2009

Total Current Assets	737,932.39
Total Property & Equipment	5,395,694.97
Total Other Assets	380,473.46
Total Assets	6,514,100.82
Total Current Liabilities	1,202,166.22
Total Long-Term Liabilities	700,593.67
Total Liabilities	1,902,759.89
Retained Earnings	4,611,340.93
Total Liabilities & Capital	6,514,100.82

TVRM Passenger Count 1983 - 2009



DONATIONS

TVRM wishes to thank the following members and supporters for their generous contributions received between January 1 and March 31, 2010.

CHAIRMAN OF THE BOARD (\$1000+)

Norfolk Southern • Ellsworth McKee

RAILROAD PRESIDENT (\$500-\$999)

James B. Robinson

TERMINAL SUPERINTENDENT (\$200-\$349)

Larry W. Hardin • Chattanooga Area CFC

DIVISION ENGINEER (\$100-\$199)

Roy Holmes Blanchard • Leoroy Huntington • William H. Jordan Hebert W. Konish • Bill Miller • G.L. & Claudia Schenck • Tad Wyckoff

TRAINMASTER (\$50-\$99)

Jan David Jubon

FOREMAN (\$15-\$49)

Jason A. Midyette (630 Fund) • Fred W. Paschall • D. Wayne Toppins • Earl L. Wehry

HELPER (Up to \$14)

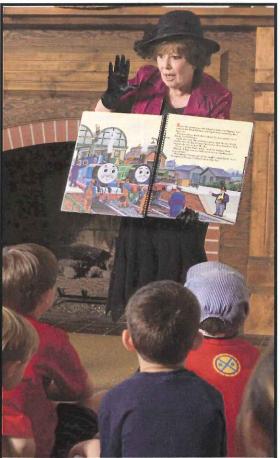
James B. Banyard • Tim Daugherty • William A. Varnell

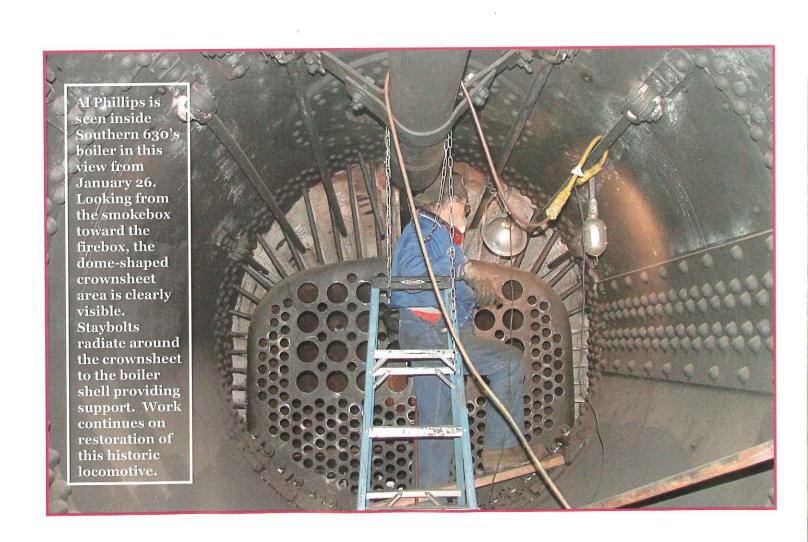
In Memoriam – In late March, TVRM lost a beloved member of our team, Ita Thompson. Ita was our storyteller during many years of North Pole Limited rides as well as for Day Out With Thomas and Halloween Eerie Express runs. The children called her "The Hat Lady" during Thomas events, while we knew her as "Mrs. Claus" during the holiday season. Her daughter Mitsy serves as our second NPL storyteller while granddaughter Whitney is an elf and helper. Other family also assist with events including daughter Cindy and grandsons Mitchell and Chris.

We will dearly miss Ita during our special events as she was willing to do whatever needed to be done to make everyone feel at home, and always with a cheerful spirit. Her memory will live on at TVRM in the wonderful reminiscences of this sweet lady, and her legacy continues through the contributions of her family.

Photos provided by: Alan Fink & HIT Entertainment







www.tvrail.com 4119 Cromwell Road MUSEUM, INC. LENNESSEE ATTEX KYILROAD

Chattanooga, Tennessee 37421-2119

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The countdown has begun...2011 marks TVRM's 50th Anniversary!





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FROM THE PRESIDENT

While I try to keep my message tied to the period covered in a particular issue of Smoke & Cinders I think it is appropriate to comment on the past, present and future in light of the joint announcement made by Norfolk Southern and TVRM on June 30, 2010 through the Norfolk Southern website at http://nscorp.com/nscportal/nscorp/Media/News%20Releases/2010/steam-to-ride-the-NS-rails-again.html

NS and TVRM are in negotiations for operating a series of special events utilizing TVRM's steam locomotive fleet. What is being discussed is not a return to the Southern/Norfolk Southern excursions of yesteryear (they ended in 1994) but a program with a more limited schedule, shorter excursions, and public displays at special events. So why does TVRM want to do this? There are a couple of reasons but first lets look at 2009 as recounted in the financial summary presented.

Due to flooding on two passenger routes, a grade crossing accident and a few other unforeseen events TVRM lost money in 2009 as we have in other past years. Financial losses mean that to meet our debt and capital improvement needs we must dip into our cash reserves. That of course can only go on for so long before those resources dry up. Yet, it is often difficult to cut the fixed expenses of debt reduction and improvements often mandated by new regulations. For that reason TVRM has pursued a strategy of growth because the "smaller" TVRM is faced with much of the same level of fixed expenses as the "bigger" one.

That has led TVRM to look for opportunities to grow our seasonal passenger business in both size and average revenue per passenger, while adding to our freight operations in an effort to add mass to the organization. It has also led to a delicate balancing act of growth vs. resources. The effects of the recession on our 2008 and 2009 ridership further tipped the balance against us. For that reason we have taken a number of steps to stabilize TVRM in 2010. These steps have included increasing prices on certain trains, carefully controlling expenses, restructuring some debt and curtailing most of the capital improvements planned for 2010. At mid year the effects of these actions have shown a slow improvement in our profit and loss statement but still a tight cash situation. As in most years our revenues will peak for the summer in July and then dip in August and September before peaking again with the Autumn Leaves and then Christmas operations.

So where will the relationship with NS fit in? First it will provide capital to complete steam locomotive 630 on a faster schedule then we could otherwise fund. Second, beginning this fall we will operate a few mainline excursions which will generate income for TVRM. These steam excursions will help to partially replace the lower revenue from the fall steam excursions on the Chattooga and Chickamauga while track rehabilitation is underway. Additional excursions will follow in 2011 as will the restoration of the 4501 and federally-mandated inspection and repairs (as required) to the 610.

Beyond the steam activities with NS TVRM will have a full plate in 2011 as we celebrate our 50th anniversary culminating with a major celebration event over Labor Day weekend. 2011 will also see the commencement of shipping of automobiles from the new VW plant where TVRM provides the switching service through our Tyner Terminal subsidiary. And less we get our hopes up, iron ore may again move over the Hiwassee Line.

So in spite of the financial challenges of the next few months the future holds many interesting opportunities which we will pursue in the interests of a stronger TVRM. Plan to come see us, ride an excursion, volunteer your time, contribute to one of our capital projects. Help TVRM reach its fullest potential.

Tim Andrews

