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Genesee & Wyoming (GWR) became the second shortline operator in short order to win a BNSF branchline spin-off. The Portland & Western has signed a 15-year agreement to lease the 76-mile former Oregon Electric line (see www.pnwc-nrhs.org/rr-history/rr-history-OE.html for some history) between Salem and Eugene, Oregon. The purchase follows form for the GWR as it extends an existing regional network. Thus in one fell swoop the P&W franchise expands to 523 contiguous miles.

This is GWR's fourth acquisition in the region since it first came to Oregon in 1993 and will add another 20,000 annual carloads to the $28 mm traffic base. Commodities include paper, lumber and agricultural products. As a former interurban line it follows the lay of the land and needs work. Thus is good to know the agreement calls for installing 20 miles of heavier rail south of Salem by 2006. BNSF will provide the rail and GWR will provide the other material.

We've written before about BNSF's desire to work with shortlines that can support the BNSF vision of e-connectedness and cooperation (*see* WATCO Extends Timber Rock Line, WIR 9/4/2002). Same here. BNSF's Network Development VP Pete Rickershauser says, "We've found the Portland & Western and other GWR properties to be innovative, nimble, and responsive service providers." Looks to me like a smart move for both.

Meanwhile GWR reported October 2002 traffic volumes for its North American and its 50%-owned Australian operations. North American carloads increased 19% yoy to 43,538 carloads. Coal accounted for 33.4% of the total – unusual for a shortline operator – and up 80 basis points (BP) yoy. Pulp and paper was in second place with 13% of the carloads, up 160 BP. Australian traffic rose 9% to 5,840 carloads.

Pioneer Railcorp is a shortline holding company with 463 miles of track on 16 properties. It is the smallest of the publicly traded railroads (Nasdaq small cap: PRRR) with $15 mm TTM annual sales and a $6.7 mm market cap. The company is not generally on our coverage list, however the 3Q02 earnings release is instructive, if only for what it does *not* say.

The challenge lies in figuring out what's driving what. It is 100% text with no tables so from it one must construct a spreadsheet to get at the relationships. For the quarter net income was $375,000 on sales of $3.9 mm. Operating expense was $3.0 mm for an operating income of just under $1 mm. That was 30% above the 3Q01 figure – a stretch, but plausible. But the YTD operating income doubled yoy and there's no explanation.

Similarly we are not given the below-the line details that take us from $1 mm operating income to $374,000 net income. We're told operating income YTD in 2001 was $1.3 mm and there was a $million asset sale gain in 2Q01 plus YTD-2001 interest payments of $494,000. The sum is $1.8 mm, not the reported $1.3 mm. What's missing? Pioneer says they will provide further details.

Step in the Right Direction Department: RailAmerica's (RRA) October carloadings report includes an in-depth carload count by commodity for the US, Canada, Australia and Chile. That's a first and helps greatly to back up the total North American and same-store results. However, since RRA reports North America and off-shore revenues in separate lines on the Income

Statement, it would be nice to see Canada and US carloads combined in the commodity breakouts. The next Step in the Right Direction would be a table of North American revenues by commodity, and that's been very well done in the 10-Q just released Friday.

October North American carloads went up 25% to 101,343 and 24% YTD. On a "same railroad" basis (railroads operating as part of RRA for the past 12 months) Oct carloads were up less than a point 78,364 and down a point YTD. On the plus side, two-thirds of total volume is in the "merchandise" category – no coal, no intermodal, no bridge. On the minus side, bridge traffic is roughly 17% of the 3Q and YTD volumes, down from 23%.

Once upon a time bridge traffic was a good thing – hook and haul, little terminal expense. That was in the days of 100+ class 1s and options galore between O-D pairs. We're now down to six big NA class 1s and hundreds of shortlines connecting to one or two of these. Consequently bridge business can be fragile business as shown by RRA's yoy results. Yet the good this ill wind blows is that the loss in bridge traffic is being more than offset by quality carload traffic. Overseas, Australia October was down 15% due to the drought and Chile was unchanged for the month. YTD combined overseas results dipped 2% as Australia's grain loss was partially offset by new copper traffic in Chile.

Csx this week launched a new website at www.csx.com "as a single point of entry for all users of CSX information, shipping services and *ShipCSX* secure eBusiness tools." According to the press release the redesign involved "extensive usability research, assessment of transportation industry best practices and standards, and prototype testing with customers." That may be the case, but to really appreciate what CSX has accomplished one must take a look for oneself.

Starting at the home page one can go directly to the commodity groups where there are excellent sell lines and readily accessible contact information. The Customer News link is an especially nice touch. So far so good. Now go to the "New to Rail" button. The segue from answering the *why rail?* question to asking for the order – inviting a price inquiry and providing a link -- is brilliant and welcoming. However, restricting the pricing link access to viewers with the latest browsers is most *unwelcoming*.

As one who does a bit of web design and who encounters various levels of technological acceptance out there, I have to say the KISS rule reigns. And any barriers do what barriers do best: stop people cold. Our experience is that readers are less likely to download a new browser than to say, "Skip it," and move on to the next event. One of the best sources on how to make your website open and accessible is Jakob Nielson's www.useit.com . See especially "Simplicity is priceless: Designing websites that are simpler and easier to use may produce more benefits than adding more powerful technologies."

The browser barrier is a bummer because the rest of the site is very well done. But as long as that "browser not supported" message stops me from going where I want to go I may just go elsewhere. Sorry.

Roy Blanchard writes and consults on railroad commercial, financial and operating best practices for shortlines and shippers. Disclosure: Blanchard may from time to time hold long, short, or debt positions in the companies mentioned here. A list of such holdings is available on request.