

# RAILROAD WEEK IN REVIEW

September 13, 2024

*“BNSF has launched a new shortline program, Shortline Select. Genesee & Wyoming’s Alabama & Gulf Coast Railway (AGR) is the first shortline railroad to participate. Shortline Select allows shortline railroads to share BNSF’s commitment to growth and superior service by providing expanded opportunities for customers to reach an even broader consumer base.” — BNSF Press Release, September 6*

*“Norfolk Southern today announced that the Board of Directors has, by unanimous vote of the independent directors, appointed Mark George, the company's EVP and CFO, as President and CEO, effective immediately, and will also join the NS Board. George's appointment follows the NS Board's unanimous decision to terminate Alan Shaw for cause, effective immediately.” — NS Press Release, September 1*

*“To highlight its concerns about the railroads’ ability to grow market share, the STB cited statistics compiled by the Federal Reserve of St. Louis showing a steady decline in carload traffic over the past 20 years, including a 28% drop in the past decade. At the same time, since 2004, the rate of annual price increases for rail shipping nearly doubled to 3.8%, railcar technology company Hum Industrial Technology stated in comments filed with the STB.” — Trains Newswire, September 9*

**NS fires Alan Shaw.** According to the press release, “This change in leadership comes in connection with preliminary findings from an ongoing investigation that determined Shaw violated company policies by engaging in a consensual relationship with the company's Chief Legal Officer, Nabanita Nag. [She] has been terminated from her roles as EVP Corporate Affairs, Chief Legal Officer & Corporate Secretary, effective immediately.”

NS notes that “Shaw's departure is unrelated to the company's performance, financial reporting and results of operations. Board member Claude Mongeau, a former Class I CFO himself, says, “Mark George has played an integral role in our recent progress and brings decades of financial experience and strong operational expertise. He embodies our corporate values and together with COO John Orr, the two will continue to improve NS operating performance and close the margin gap with peers.”

IMHO this only adds to the turbulence we’ve seen at NS what with the East Palestine incident and the Ancora proxy fight. Feedback from non-Class I railroad correspondence still indicates that senior management operating practice guidelines are not being seen in the field. Let’s hope George and his intense financial focus can rectify that.

**Gene Blabey**, one of first group of Short Line Hall of Fame inductees, has passed away. He will surely be missed. He was always a good friend and an avid believer in Doing The Right Thing. His leadership helped the Livonia Avon & Lakeville (LAL) build a remarkable business in upstate New York.

Blabey served on the LAL Board of Directors and held roles as the railroad's president and chairman. He also served on the board of LAL subsidiary B&H Rail Corporation. A note on the ASLRRRA website tells us Blabey continued to invest in shortline projects with business partners Dave Beers and Tony Hannold. Railroads they supported included the Ontario Eastern, the Ontario Central, the Maryland & Delaware Railroad, and the former Virginia & Maryland Railroad.

His involvement with ASLRRRA included two terms on the Board of Directors as representative for the Eastern Region and membership on the Legislative Policy Committee, Passenger Committee, and Railroad Industry Working Group. His contributions to the shortline community were unequalled. He will be missed.

**Looks like UP**, alone among Class Is, has re-started its shortline meetings. Until Lance Fritz came to town it was a regular event, complete with a train ride — sometimes overnight— on the UP business car fleet replete with sleepers, a proper diner and the theater car. It was always a class act, giving shortline attendees a first-hand look at the railroad and how it operated.

Now comes word that UP recently held a gathering of 100 or so shortliners in Omaha to, in the words of the UP, “have face-to-face working meetings focused squarely on exploring new opportunities for growth.” The UP continues, “The sessions featured an overview of industry trends given by Union Pacific senior leaders, followed by meetings with Union Pacific’s Marketing and Sales representatives.”

It's about time. Back when all Class Is held such meetings, the UP sessions were always the best, providing useful actionable information — happily bereft of PR hype. They took all manners of questions, addressing the issues mostly on the spot. Says Dan McLaughlin, AVP marketing & sales, “Our 350+ short lines and numerous port partners are a critical extension of our network. We have a cooperative, complementary relationship and understand that when one grows, we all grow together.” Say amen to that.

**BNSF is to be applauded** for launching its new *Shortline Select* program, and Genesee & Wyoming's Alabama & Gulf Coast Railway (AGR) is a great place to start. As one of the first shortline holding companies opening its doors after Staggers, GWR has a long-

standing record of successful Class I collaborations, rebuilding railroads, and re-establishing customer confidence on line segments spun off by the Class Is.

The AGR is former Frisco, first merged with the Burlington Northern in 1980, giving the latter access to the Frisco's strong presence in the southern U.S., particularly in Missouri, Arkansas, and Texas, and extending its reach into the southeastern U.S. The property was then rolled into BNSF at the time of the BN-Santa Fe merger in 1995. BNSF spun off the Amory-Pensacola segment to GWR in 2012.

The essence of this new BNSF Shortline Select initiative is that it provides its non-Class I connections a seamless way to expand their marketing reach with a more effective interface with the larger railroad. By way of review, BNSF alone has a vast network reach, which spans 32,500 miles, 28 states, and three Canadian provinces.

“We’re excited to launch our new Shortline Select program with G&W’s Alabama & Gulf Coast Railway,” says BNSF EVP and Chief Marketing Officer Tom Williams. “This new program is demonstrative of BNSF’s ongoing commitment to expanding and improving to meet our customer’s growing needs.

“Through Shortline Select, we will collaborate closely with AGR to deliver a more streamlined supply chain with enhanced visibility on interchanges, while showcasing our shared commitment to delivering excellent service for our joint customers.”

BNSF, like Union Pacific, had a much more aggressive shortline involvement that had kind of lost its way over the past couple of decades. Recall that in April BNSF opened its new web-based "Customer Portal" to give customers greater control of their freight from origin to destination; there are already some 63,000 active web tool users —about 10,000 use it daily.



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