

CAMAS PRAIRIE RAILROAD COMPANY

P. O. BOX 1166

MANAGER'S OFFICE

LEWISTON, IDAHO 83501

August 9, 1985

Mr. Harold Reigger
%McDevitt
8300 Phillips Road, #197
Tacoma, WA 98498

Dear Hal:

As promised herewith is a greatly condensed synopsis of our interview earlier this week.

The present rail transportation climate in Central Idaho can be characterized in one word, "uncertainty". I see several causes including unease about the state of the timber industry. This area hasn't witnessed anything like the recent announcement of Potlatch's intension to close their sawmill operations at Jaype and Lewiston, in the past several decades.

Whatever this announcement might have to say about the plight of logging operations in the pacific northwest, the effect on Camas Prairie Railroad's Fourth Subdivision is well understood. If worst comes to worst, a gradual phase-out would be infinitely preferable to an abrupt cut-off where the line would be retired and the track actually removed as some are predicting.

With respect to continuance of service on the Second Subdivision, Grangeville to Spalding, I'm eternally optimistic. While I'm not about to make any solid predictions at this time, it is evident we have been in a gloomy period since the arrival of slack water in

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the valley. It is evident shippers are simply not willing to sit idly by and lose rail presence on the Camas Prairie. There is a need for straight line, no frills, rail transportation and that need becomes more acute every day. We're not competing with the truck lines in the transportation of bulk commodities; we simply do what they can't, that is, carry large volumes of product to our customers markets. In short, we fill a void and, yet, we want to stay viable! Despite the dark cloud forming over the Second and Fourth Subdivisions, we are hopeful a much-deserved dispensation will be granted, that will make possible our reclaiming the dominate market share of traffic generated in the counties served by CPRR.

In summary, railroads are here to stay. For transportation of bulk commodities they're peerless; as partners working together for seventy five years the Camas Prairie Railroad is formidable. The size of our infrastructure has changed dramatically. And while we are faced with a paradox of eliminating people and at the same time, trying to retain commitment among those who remain our supervisors and employees have manifested exceptional pride in demonstrating that the Camas Prairie Railroad is a vibrant company to work for. We all want more financial strength, more job security, and better service capacity therefore we cannot neglect the Noah principle: "predicting rain doesn't count, building arks

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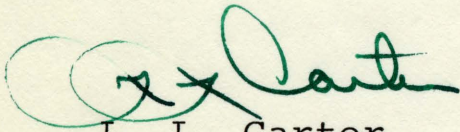
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Does." With this enlightened attitude on the part of our employees we are proactively developing new strategies to change CPRR's personality from a mentality of hopelessness to one of setting objectives and timetables for achieving them. We recognize that we are dealing with a finite market on CPRR and there is little we can do to increase the actual market share available in this territory but we are learning to operate more efficiently and are ready to compete for every carload of rail business available. My heartfelt thanks to Mr. Riegger for his allowing me these comments.

Sincerely,



L. L. Carter
Manager
Camas Prairie Railroad Company
August 7, 1985