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September 4, 2003

BY HAND DELIVERY AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001



Re: Finance Docket No. AB-279 (Sub-No. 3) - 208837
Canadian National Railway Company -- Adverse Discontinuance --
Line of Montreal, Maine & Atlantic Railway, Ltd. in Aroostook
County, Maine

Finance Docket No. AB-124 (Sub-No. 2) - 208838
Waterloo Railway Company -- Adverse Abandonment -- Line of Line
of Montreal, Maine & Atlantic Railway, Ltd. in Aroostook County,
Maine

Dear Secretary Williams:

Pursuant to 49 C.F.R. §§ 1152.20(a)(1) and (b)(3), I am enclosing an original and ten copies of the **Amended Notice of Intent for Discontinuance of Trackage Rights and Abandonment of Freight Easement**, dated September 4, 2003 for filing in the above-captioned proceeding.

Should any questions arise regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

Tracie D. Spear

Attorney for Trustee of Bangor and Aroostook
Railroad Company, et al.

Enclosures

cc: Parties on Certificate of Service

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BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. AB-279 (Sub-No. 3)

CANADIAN NATIONAL RAILWAY COMPANY
-- ADVERSE DISCONTINUANCE --
LINE OF MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.
IN AROOSTOOK COUNTY, MAINE



DOCKET NO. AB-124 (Sub-No. 2)

WATERLOO RAILWAY COMPANY
-- ADVERSE ABANDONMENT --
LINE OF MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.
IN AROOSTOOK COUNTY, MAINE¹

**AMENDED NOTICE OF INTENT FOR DISCONTINUANCE OF
TRACKAGE RIGHTS AND ABANDONMENT OF FREIGHT EASEMENT**

James E. Howard, Chapter 11 Trustee of the Bangor and Aroostook Railroad
Company, Debtor ("Trustee")² gives notice that on September 12, 2003 or on or after

¹ The STB has directed that the proceedings in Docket No. AB-279 (Sub-No. 3) and Docket No. AB-124 (Sub-No. 2) be consolidated for concurrent handling. See Waterloo Railway Company – Adverse Abandonment – Lines of Bangor and Aroostook Railroad Company and Van Buren Bridge Company in Aroostook County, ME, Docket No. AB-124 (Sub-No. 2), Canadian National Railway Company – Adverse Discontinuance – Lines of Bangor and Aroostook Railroad Company and Van Buren Bridge Company in Aroostook County, ME, Docket No. AB-279 (Sub-No. 3) (STB served October 23, 2002) (the "WRC Waiver Decision") at 1.

² The Trustee is acting in the capacity of Chapter 11 Trustee for the Bangor and Aroostook Railroad Company ("BAR"), Van Buren Bridge Company ("VBBC"), Canadian American Railroad Company ("CDAC"), Northern Vermont Railway Company ("NVT") and Newport & Richford Railroad Company ("NRR"). The rail carriers in the former Bangor and Aroostook System included BAR, VBBC, CDAC, NVT, NRR and Quebec Southern Railway Company, Ltd. ("QSR"). James E. Howard is not the Chapter 11 Trustee of QSR. QSR is the subject of a case pending under the Bankruptcy and Insolvency Act (Canada).

September 19, 2003,³ he intends to file with the Surface Transportation Board ("Board" or "STB"), Washington, D.C. 20423, an application for authorization for (i) the adverse discontinuance of trackage rights held by Canadian National Railway Company ("CN") and (ii) the adverse abandonment of a freight easement held by Waterloo Railway Company ("WRC" and collectively with CN, where appropriate, "CN").⁴ The Trustee intends to seek discontinuance of the CN trackage rights and abandonment of the WRC freight easement on the following lines of railroad: 1) a line between approximately MP 0.0 at Madawaska, Maine and approximately MP 22.72 at Van Buren (Canadian Junction), Maine; and 2) a line between approximately MP 0.0 at Van Buren (Canadian Junction), Maine and approximately MP 0.31 at the United States-Canada Border (the referenced lines are collectively referred to as the "Subject Line"), which traverses United States Postal Service ZIP Codes 04756, 04773, 04746, 04749, and 04785, a distance of approximately 23 route miles, in Aroostook County, Maine. The Subject Line includes the stations of: Madawaska (MP 0.0); N CL Sign Madawaska (MP 1.25); Saint David (MP 4.20); and Grand Isle (MP 8.66).

On October 8, 2002, the United States Bankruptcy Court for the District of Maine ("Bankruptcy Court") approved the sale of substantially all of the assets of the Bangor

³ On November 14, 2002 the Trustee filed a Notice of Intent with the Board and published the same in the Bangor Daily News. On August 13, 2003 the Trustee filed an Amended Notice of Intent with the Board and published the same in the St. John Valley Times. This Amended Notice superseded the original Notice. The Trustee is re-serving this Amended Notice so that if he does not file his adverse discontinuance and abandonment application by September 12, 2003, he will become eligible to file the application again on or after September 19, 2003.

⁴ The abandonment of the WRC freight easement would not result in a cessation of rail carrier service on the lines subject to the application or the removal of any rail or other track material.

and Aroostook System (including the Subject Line) to the Montreal, Maine & Atlantic Railway, Ltd. ("MMA").⁵ MMA completed its purchase of substantially all of the assets of the Bangor and Aroostook System on January 8, 2003 and became the operating rail carrier on the Subject Line.

An adversary proceeding between the Trustee and CN and WRC was filed in the Bankruptcy Court on May 5, 2003. By motion dated June 3, 2003, the Trustee sought a Bankruptcy Court order pursuant to 11 U.S.C. § 1170 directing the Board to issue an advisory report to the Bankruptcy Court regarding the proposed discontinuance and abandonment. By order dated June 30, 2003, the Bankruptcy Court granted CN's motion to withdraw the reference of the proceeding to the Bankruptcy Court, thereby transmitting the adversary proceeding to the United States District Court for the District of Maine ("District Court"). The District Court has not ruled on whether 11 U.S.C. § 1170 is applicable to the instant case. If the District Court determines that 11 U.S.C. § 1170 is applicable, the Board will be required to submit an advisory report to the District Court pertaining to the proposed discontinuance and abandonment. The District Court will consider the Board's advisory report and decide the discontinuance and abandonment case. However, if the District Court determines that 11 U.S.C. § 1170 is inapplicable, the Board will decide the discontinuance and abandonment case under 49 U.S.C. § 10903.

⁵ See Montreal, Maine & Atlantic Railway LLC – Acquisition & Operation Exemption – Bangor and Aroostook Railroad Company, Canadian American Railroad Company, The Northern Vermont Railroad Company, Inc., Newport & Richford Railroad Company and Van Buren Bridge Company, Finance Docket 34110 (STB served September 19 and 25, 2002).

The reason for the proposed discontinuance and abandonment is that the trackage rights held by CN and the freight easement held by WRC threaten the viability of the former Bangor and Aroostook System as a whole. The CN trackage rights and the WRC freight easement give CN the unilateral ability to immediately and substantially reduce MMA's revenue. The continued existence of the CN trackage rights and the WRC freight easement may require abandonment of the line between Madawaska and Portage, ME (the "Madawaska-Portage Line"). In addition, the continued existence of the CN trackage rights and the WRC freight easement may require abandonment of the line between Brownville Junction and the U.S./Canadian Border, west of Lowellton, ME (the "Brownville Junction-Border Line"). The abandonment of the Madawaska-Portage Line or the Brownville Junction-Border Line would require separate Board approval. The Fraser Papers mill at Madawaska is the only facility covered by the trackage rights and the freight easement. The Trustee will show that discontinuance of the CN trackage rights and abandonment of the WRC freight easement will not harm Fraser Papers. Alternatively, the Trustee will show that any possible harm to Fraser Papers is substantially outweighed by the harm to other rail freight shippers if MMA were to abandon the Madawaska-Portage Line or the Brownville Junction-Border Line.

Based on information in the Trustee's possession, the Subject Line does not contain federally granted rights-of-way. Any documentation in the Trustee's possession relevant to determining the presence of federally granted rights-of-way will be made available promptly to those requesting it.

The Trustee is unable to compel the publication by CN or WRC of a system diagram map or system narrative description that shows whether the Subject Line is in category 1. The STB has waived this requirement with respect to this proceeding.⁶

The interests of CN and WRC railroad employees will be protected by the conditions set forth in Oregon Short Line R. Co. – Abandonment – Goshen, 360 I.C.C. 91 (1979).

The application will include the Trustee's entire case for discontinuance of the CN trackage rights and abandonment of the WRC freight easement. After the application is filed on September 12, 2003 or on or after September 19, 2003, any interested person may file with the Board written comments in support of the application or in opposition to the application or protests concerning the proposed CN trackage rights discontinuance and/or the proposed WRC freight easement abandonment. These filings are due 45 days from the date of filing of the application.

Since MMA will continue to be an operating rail carrier on the Subject Line if the CN trackage rights are discontinued and the WRC freight easement is abandoned, interim trail use would not be appropriate.

Any request for a public use condition must be filed within 45 days from the date of filing of the application. In the application, the Trustee will argue that the public use requirements (49 U.S.C. 10905; 49 C.F.R. §1152.28) are not applicable because MMA will continue to be a rail carrier on the Subject Line.

⁶ Canadian National Railway Company – Adverse Discontinuance – Lines of Bangor and Aroostook Railroad Company and Van Buren Bridge Company in Aroostook County, ME, Docket No. AB-279 (Sub-No. 3) (STB served Sept. 25, 2002) (the "CN Waiver Decision") at 6; WRC Waiver Decision at 3.

Persons who may oppose the discontinuance of the CN trackage rights and/or abandonment of the WRC freight easement but who do not wish to participate fully in the process by appearing at any oral hearings or by submitting verified statements of witnesses, containing detailed evidence, should file comments. Persons who may support the discontinuance of the CN trackage rights and/or abandonment of the WRC freight easement but who do not wish to participate fully in the process by appearing at any oral hearings or by submitting verified statements of witnesses, containing detailed evidence, also should file comments. Persons interested only in seeking public use conditions should also file comments.⁷

Persons opposing the proposed discontinuance of the CN trackage rights and/or abandonment of the WRC freight easement that do wish to participate actively and fully in the process should file a protest. Protests must contain that party's entire case in opposition including the following:

- (1) Protestant's name, address and business.
- (2) A statement describing protestant's interest in the proceeding including:
 - (i) A description of protestant's use of the CN trackage rights or the WRC freight easement;
 - (ii) If protestant does not use the CN trackage rights or the WRC freight easement, information concerning the group or public interest it represents; and

⁷ See discussion, supra regarding Trustee's intention to argue that public use requirements are not applicable to the instant discontinuance and abandonment proceeding.

(iii) If protestant's interest is limited to the retention of service over a portion of the line subject to the CN trackage rights or the WRC freight easement, a description of the portion of the line subject to protestant's interest (with milepost designations if available) and (if applicable) evidence showing that the CN trackage rights or the WRC freight easement should be retained on that portion of the line.

- (3) Specific reasons why protestant opposes the application including information regarding protestant's reliance on the CN trackage rights or the WRC freight easement. This information must be supported by affidavits of persons with personal knowledge of the fact(s).
- (4) Any rebuttal of material submitted by applicant.

In addition, a commenting party or protestant may provide a statement of position and evidence regarding:

- (1) Environmental impact;
- (2) Impact on rural and community development;
- (3) Recommended provisions for protection of the interests of employees; and
- (4) Suitability of the properties for other public purposes pursuant to 49 U.S.C. 10905.⁸

⁸ See discussion, supra regarding Trustee's intention to argue that public use requirements are not applicable to the instant discontinuance and abandonment proceeding. The STB granted an exemption from the offer of financial assistance requirements of 49 U.S.C. § 10904 and waiver of the related regulations, 49 C.F.R. § 1152.27, with respect to the CN trackage rights and the WRC freight easement. CN Waiver Decision at 5; WRC Waiver Decision at 3. Therefore, this discontinuance and

A protest may demonstrate that: (1) the protestant filed a feeder line application under 49 U.S.C. 10907; (2) the feeder line application involves any portion of the rail line involved in the discontinuance/abandonment application; (3) the feeder line application was filed prior to the date the discontinuance/abandonment application was filed; and (4) the feeder line application is pending before the Board.

Written comments and protests will be considered by the Board in determining what disposition to make of the application. The commenting party or protestant may participate in the proceedings as its interests may appear.

If an oral hearing is desired, the requester must make a request for an oral hearing and provide reasons why an oral hearing is necessary. Oral hearing requests must be filed with the Board no later than 10 days after the application is filed.

Those parties filing protests to the proposed discontinuance and/or abandonment should be prepared to participate actively either in an oral hearing or through the submission of their entire opposition case in the form of verified statements and arguments at the time they file a protest. Parties seeking information concerning the filing of protests should refer to 49 C.F.R. §1152.25.

Written comments and protests, including all requests for public use conditions, should indicate the proceeding designations Docket No. AB-279 (Sub-No. 3) and Docket No. AB-124 (Sub-No. 2) and must be filed with the Secretary, Surface Transportation Board, Washington, DC 20423, no later than 45 days after the date the Trustee files his application, which is expected to be on September 12, 2003 or on or after September 19, 2003. Interested persons may file a written comment or protest

abandonment proceeding will not be subject to the offer of financial assistance procedures.

with the Board to become a party to this discontinuance/abandonment proceeding. A copy of each written comment or protest shall be served upon the representative of the applicant:

Kevin M. Sheys
Kirkpatrick & Lockhart LLP
1800 Massachusetts Avenue – 2nd Floor
Washington, D.C. 20036
(202) 778-9000

The original and 10 copies of all comments or protests shall be filed with the Board with a certificate of service. Except as otherwise set forth in part 1152, each document filed with the Board must be served on all parties to the discontinuance/abandonment proceeding. 49 CFR § 1104.12(a).

Persons seeking further information concerning abandonment procedures may contact the Board or refer to the full abandonment or discontinuance regulations at 49 CFR Part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis.

A copy of the application will be available for public inspection on or about September 12, 2003 or on or after September 19, 2003 at the following address:

Ms. Jocelyne Baranek
Montreal, Maine & Atlantic Railway, Ltd.
15 Iron Road
Hermon, ME 04401

This office is open from 9:00 a.m. to 4:00 p.m., Monday through Friday. MMA shall furnish a copy of the application to any interested person proposing to file a protest or comment, upon request.

If required, an environmental assessment (EA) (or environmental impact statement (EIS)), prepared by the Section of Environmental Analysis will be served

upon all parties of record and upon any agencies or other persons who comment during its preparation.⁹ Any other persons who would like to obtain a copy of any EA (or EIS) may contact the Section of Environmental Analysis. EAs in abandonment proceedings normally will be made available within 33 days of the filing of the application. The deadline for submission of comments on an EA will generally be 30 days after its service. The comments received will be addressed in the Board's decision and a supplemental EA (or EIS) may be issued where appropriate.

⁹ The CN trackage rights discontinuance is exempt from the environmental and historic reporting requirements of 49 C.F.R. § 1105. 49 C.F.R. § 1105.6(c)(6) and § 1105.8(b)(3). In the application, the Trustee will assert that the environmental and historic reporting requirements are inapplicable to abandonment of the WRC freight easement.

CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of September, 2003, a copy of the foregoing

Amended Notice of Intent for Discontinuance of Trackage Rights and

Abandonment of Freight Easement was re-served by Federal Express upon:

Cynthia A. Bergmann
Sean Finn
Canadian National/Illinois Central
455 North Cityfront Plaza Drive
Chicago, IL 60601-5317

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
Two Prudential Plaza, Suite 3125
180 North Stetson Avenue
Chicago, IL 60601-6721

John P. Borgwardt
Austin S. Durant
Fraser Papers, Inc.
70 Seaview Avenue
Stamford, CT 06902

Michael L. Rosenthal
Covington & Burling
1201 Pennsylvania Avenue, NW
Washington, DC 20004-2401

William A. Mullins
David C. Reeves
Troutman Sanders LLP
401 Ninth Street, NW, Suite 1000
Washington, DC 20004-2134

Additionally, a copy of the foregoing **Amended Notice of Intent for**

Discontinuance of Trackage Rights and Abandonment of Freight Easement was

re-served by First Class Mail upon:

Governor John E. Baldacci
Office of the Governor
1 State House Station
Augusta, Maine 04333-0001

Maine Public Utilities Commission
242 State Street
18 State House Station
Augusta, Maine 04333-0018

Maine Department of Transportation
16 Statehouse Station
Augusta, Maine 04333

John Rebar
University of Maine Cooperative Extension
5741 Libby Hall
Orono, ME 04469-5741

U.S. Department of Transportation
Federal Railroad Administration
1120 Vermont Avenue, NW
Washington, D.C. 20590

U.S. Department of the Interior
Recreation Resources Assistance Division
National Park Service
1849 C Street, N.W.
Washington, D.C. 20240

Railroad Labor Executives' Association
c/o Association of American Railroads
50 F Street, NW
Washington, DC 20001-1564

Dana Burleigh
Great Northern Paper, Inc.
One Katahdin Avenue
Millinocket, Maine 04462-1298

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General Chairman
United Transportation Union
P.O. Box 404
Framington, MA 01704

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President
American Train Dispatchers Department
Brotherhood of Local Engineers
AFLCIO & TT-Rail Div.
1370 Ontario Street
Suite 1040
Cleveland, OH 44113

Military Traffic Management Command
Transportation Engineering Agency
Railroads for National Defense Program
720 Thimble Shoals Boulevard
Newport News, VA 23606

U.S. Railroad Retirement Board
844 N. Rush Street
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