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DATE: 9/5/03

TO: DAVID KONSCHNIK
FROM: John D. Heffner
FAX Number:

Direct Line: (202) 263-4180
Number of Pages: Cover + 12
Client/Matter:

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JOHN D. HEFFNER, PLLC

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j.heffner@verizon.net

BY HAND

September 5, 2003

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

RE: STB Docket AB-NO. 564, Camas Prairie RailNet, Inc.
Abandonment Between Spalding and Grangeville, In
Lewis, Nez Perce, and Idaho Counties, ID

Dear Mr. Williams:

I am writing on behalf of Camas Prairie RailNet, Inc. ("Camas Prairie"), formerly the owner of the subject rail line, in connection with the letter filed concurrently by BG & CM Railroad, Inc. ("BG & CM"). As relevant to Camas Prairie's interest, BG & CM seeks an extension until February 13, 2004, of the Board's current September 13, 2003, deadline for consummation of the subject railroad abandonment. Camas Prairie wholeheartedly supports that request. I am attaching a copy of BG & CM's letter with this filing.

By way of background, the Board had originally authorized Camas Prairie to abandon this line in a decision and certificate of interim trail use or abandonment ("CITU") served September 13, 2001. Camas Prairie terminated service in accordance with that decision on November 30, 2000, and advised the Board that it had consummated the discontinuance, but not the abandonment, portion of that authority. Subsequently, Camas Prairie designated the line as a rail trail under the National Trails Act and the Board's rail trail regulations and sought a second CITU authorizing the Camas Prairie Trail Conservancy ("the Conservancy") to serve as the trail user. To ensure the STB's continuing jurisdiction over the line, Camas Prairie sought and received two one year extensions of its authority to consummate the subject abandonment, until September 13, 2002, and September

Hon. Vernon A. Williams
September 5, 2003
Page two

13, 2003, respectively.

In December 2002, Camas Prairie and BG & CM signed an agreement for the latter to purchase the line. On December 17, 2002, Camas Prairie, the Conservancy, and BG & CM jointly petitioned the Board to vacate the existing CITU and to designate BG & CM as the new trail user. Shortly thereafter, on December 18, Camas Prairie transferred ownership of the subject track and right of way to BG & CM.¹

Recently, BG & CM approached Camas Prairie about acquiring its residual common carrier obligation, if any, to provide service over the line. Specifically, BG & CM proposes to restore and to provide service on a noncommon carrier basis during the Fall Harvest and to acquire whatever common carrier operating rights Camas Prairie may still have in the line. Camas Prairie further understands that BG & CM will shortly file a verified notice of exemption with the Board under 49 CFR 1150.31 to acquire such common carrier rights as Camas Prairie may still have in the line and will also file a petition for exemption under 49 U.S.C. 10502 from the requirements of Subtitle IV relating to abandonment authorization and common carrier obligations.

Camas Prairie supports BG & CM's request because it does not want the abandonment authorization it obtained in 2000 to lapse, potentially jeopardizing its retained property rights and resurrecting its common carrier obligation. While Camas Prairie is uncertain whether it or BG & CM should be the party petitioning the Board for an extension to the abandonment authority, it lends its support to BG & CM's filing out of an abundance of caution.

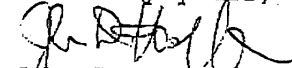
Accordingly, Camas Prairie requests that the Board extend until February 13, 2004, the authority originally granted it back on September 13, 2000, to consummate this abandonment. The Board has the authority to grant this request inasmuch as it still has jurisdiction over this unconsummated abandonment.

Please date stamp and return one copy of this letter for our files.

¹ CSRR had previously removed the track from MP 35.0 to the end of the line at MP 66.R.

Hon. Vernon A. Williams
September 5, 2003
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Sincerely yours,


John D. Heffner

Enclosures

cc: Mr. Robert F. McKenney
Charles H. Montange, Esq.
Richard Eichstaedt, Esq.
Thomas McFarland, Esq.
Donald Howell, Esq., Idaho PUC
Mr. Ron Kerr, Idaho DOT

CHARLES H. MONTANGE
ATTORNEY AT LAW
426 NW 162ND STREET
SEATTLE, WASHINGTON 98177
(206) 546-1936
FAX: (206) 546-3739

4 September 2003

Hon. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Re: Camas Prairie RailNet, Inc. -- Abandonment --
in Lewis, Nez Perce, and Idaho Counties, ID,
AB-564;
request for extension of abandonment consummation
date and for such other relief as is necessary or
appropriate

Action requested by September 13, 2003

Dear Mr. Secretary:

This letter is on behalf of BG and CM Railroad, Inc. Insofar as Camas Prairie RailNet, Inc. ("Camas Prairie") is involved, counsel is authorized to state that Camas Prairie concurs and joins in the requested relief.

Regulatory facts. Camas Prairie applied to abandon the line of railroad at issue in this proceeding (MP 0.00 near Spalding, Idaho) to MP 66.8 (end of line, near Grangeville, Idaho) on or about May 26, 2000. On September 13, 2000, subject to historic preservation/environmental conditions, the STB authorized abandonment or railbanking (pursuant to 16 U.S.C. § 1247(d)). By December of 2002, the last of the environmental and historic preservation conditions had been met, and Camas Prairie commenced salvage. In the interim, however, Camas Prairie reached a railbanking agreement¹ with BG and CM Railroad, as permitted by a substitute CRTU served in this proceeding on January 6, 2003. Pursuant to that agreement, BG and CM Railroad acquired fixed assets and real estate interests necessary for rail operations from Camas Prairie for the line.

In a decision served September 13, 2002, STB extended the time in which Camas Prairie could exercise its abandonment authority until September 13, 2003.

¹ Agreement for Sale of Certain Assets of Camas Prairie RailNet, Inc. to Mike Williams.

SENT BY: CHARLES H MONTANGE;

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Camas Prairie has not exercised its abandonment authority. Under the railbanking authority issued by this Board, Camas Prairie has reached a railbanking agreement with BG and CM Railroad. Camas Prairie has assigned its right to operate (reactivate service upon) the line to BG and CM Railroad, contingent as a matter of law on BG and CM Railroad obtaining any necessary authority from this Board for that purpose.

Recent developments. BG and CM Railroad -- the interim trail manager -- has met with several local shippers and by now the county governments on the line. Based upon its analysis, BG and CM Railroad concludes that common carrier rail services on the line remain uneconomic at this time, and BG and CM Railroad in no event wishes to be a common carrier railroad on the line, subject to common carrier obligations or STB abandonment authority as provided in 49 U.S.C. §§ 10903, et seq. However, BG and CM Railroad believes that it can provide marginally economic contract rail services, as opposed to common carrier rail services, during the fall grain rush (roughly from September through January), for the portion of the line between MP 0.00 and MP 52.0.²

BG and CM Railroad is preparing to make two filings with STB: (a) a Notice of Exemption under 49 C.F.R. § 1150.31, et seq., to acquire the operating rights (or right to reactivate rail service) on the line;³ and (b) a Petition for Exemption from Certain Requirements of 49 U.S.C. Subtitle IV, pursuant to 49 U.S.C. § 10502. In the Petition, BG and CM Railroad plans to seek an exemption from abandonment authorization requirements, common carrier obligations and related regulations.⁴ The objective will be to allow the line to be operated as a contract carrier rather than common carrier, and to minimize regulatory burdens to exit should contract operation

² The remainder of the line would remain railbanked.

³ As noted, BG and CM Railroad has already acquired the necessary assets pursuant to the railbanking authorization, so no additional order or authorization should be necessary to acquire the assets. The agreement also provides that BG and CM Railroad has acquired the operating rights. The parties take the position that the railbanking authorization was sufficient to authorize transfer of both assets and rights as to operation (reactivate rail service). BG and CM Railroad currently intends to file the notice only as a precaution.

⁴ BG and CM Railroad wishes to preserve the authority of the Board to railbank MP 0.0 to MP 52.0 should contract rail service not work out. Thus BG and CM Railroad does not at this time anticipate a complete exemption from this Board's abandonment jurisdiction, but something more akin to so-called "modified PCN" operations under 49 C.F.R. § 1150.21, et seq.

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prove economically infeasible to BG and CM Railroad.⁵ BG and CM Railroad is currently seeking supportive letters from the relevant shippers and local governments, and projects making the two filings in the near future. Examples of some of these letters are attached.

As noted, BG and CM Railroad does not wish to become a common carrier. BG and CM Railroad thus does not wish to risk being deemed a common carrier before this Board acts on its Petition for Exemption. BG and CM Railroad understands that it may take the Board 90 days or more to take initial action on the Petition.

Unfortunately, the fall grain rush is commencing now. BG and CM Railroad wishes to be in a position to arrange rail service to the elevators using Camas Prairie crews and equipment as a contractor until STB has had an opportunity to act upon the Petition for Exemption which BG and CM Railroad intends to file. Camas Prairie is willing to provide such service in order to facilitate BG and CM Railroad's effort so long as Camas Prairie does not become a common carrier on the line.

Request. The major grain elevators on the line represent to BG and CM Railroad that they wish rail service. Because of the economic risks, BG and CM Railroad does not wish to become a common carrier. However, BG and CM Railroad is prepared to offer contract rail services. BG and CM Railroad is preparing to seek authority to provide service on that basis. Camas Prairie is prepared to provide crews and equipment until this agency acts upon BG and CM Railroad's request, provided Camas Prairie does not lose the benefits of the abandonment and railbanking authorizations previously issued by STB.

BG and CM Railroad believes that Camas Prairie can continue to provide services without disabling its prior abandonment and railbanking authorization (and without triggering some new obligation to obtain an abandonment or discontinuance authorization) so long as this Board extends the time in which Camas Prairie may exercise its abandonment authority from September 13, 2003, until February 13, 2004 (six months). Rail service can then be deemed to be under previous authority, and not prejudice the abandonment authorization nor trigger a common carrier obligation on the part of BG and CM Railroad.

In lieu of this characterization, if BG and CM is viewed as

⁵ The relief sought by BG and CM Railroad will be similar to that granted in cases such as Dakota Rail, Inc. Petition for Exemption from 49 U.S.C. 10901, 10903, and 11301, F.D. 3071, Oct. 31, 1985.

SENT BY: CHARLES H MONTANGE;

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the common carrier under the proposed arrangement,⁶ then BG and CM should be viewed as having acquired the line subject to the abandonment authorization, and as entitled to consummate the abandonment within whatever period is authorized by this Board.⁷ BG and CM, joined by Camas Prairie, thus requests an extension of the time in which to consummate abandonment until February 13, 2004, for the reasons stated.

If any other temporary exemption or relief is necessary to permit rail service to be provided without triggering the need to obtain additional abandonment authority at this time, the parties also request that.

Conclusion. BG and CM Railroad believes that the situation presented is rather unusual and perhaps unique. BG and CM Railroad seeks the Board's assistance in facilitating a solution to provide rail service on an economic basis to the major shippers on this very attractive but unfortunately very marginal line.

I am authorized to state that Mr. Heffner, counsel for Camas Prairie RailNet, Inc., has reviewed this letter and concurs in the relief requested. It is my understanding that Mr. Heffner will confirm his concurrence in a separate letter. By my signature below, I certify service upon him by fax (202-296-3939).⁸

Respectfully submitted,



Charles H. Montange
426 NW 162d St.
Seattle, WA 98177
(206) 546-1936
for BG and CM Railroad (interim
trail manager)

cc. David Konschnik, Director, Office of Proceedings

⁶ Although BG and CM Railroad has not filed a notice of exemption under 49 C.F.R. § 1150.31 to acquire the assets and operating rights to the line, the STB did issue a railbanking authorization, and BG and CM Railroad acquired the assets and operating rights pursuant to that authorization. See note 3.

⁷ See Trinidad Railway, Inc. -- Exemption -- in Las Animas County, CO, AB 573X, served August 13, 2001 (authorizes A&K affiliate to acquire rail line and employ two-year out of service exemption obtained by predecessor railroad).

⁸ A copy was also mailed by U.S. Mail to Mr. Heffner at 1920 N Street, N.W., Suite 800, Washington, D.C. 20036.

SENT BY: CHARLES H MONTANGE;

206 546 3739;

SEP-4-03 8:47PM;

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TO:12065163739

P:1/2



8/22/03

Hon. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, D.C. 20433

Re: BG & CM Railroad Petition for Exemption

Dear Mr. Williams:

This letter is on behalf of Primeland Cooperatives a division of CHS, Inc.. In the past we have been a major shipper of agricultural commodities on the rail line between Spalding and Grangeville, in Lewis, Nez Perce, and Idaho Counties, Idaho loading out and grain movements.

We support the Petition for Exemption filed by BG & CM Railroad, and relief requested therein. In order to make a last effort to provide rail service, BG & CM Railroad needs to minimize its risks should unexpected costs arise, or should rail demand prove inefficient. We understand BG & CM's position, and accordingly support (1) an exemption from Surface Transportation Board regulation of abandonment of the line by BG & CM (including any requirement for any kind of Board approval of abandonment), and (2) and exemption from any general common carrier obligation under 49 U.S.C. 11101 should BG & CM restore service to the line.

Because we would like service to be available for this fall's grain season, we request that the Board act expeditiously and favorably upon BG & CM Railroad's petition for exemption.

We have authorized BG & CM Railroad to file this letter with its Petition in order to foster the Board's granting of the Petition.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ken Blakeman", is written over a horizontal line.

Ken Blakeman
General Manager
Primeland Cooperatives
A Division of CHS Inc.

1700 Snake River Ave.
P.O. Box 467
Lewiston, ID 83501

A Division of CHS Cooperatives
www.primelandcoop.com

(208) 743-9551
1-800-466-8551
fax: (208) 746-0721

SENT-BY: CHARLES H MONTANGE;

208 548 3739;

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TO: 12065463739

P: 2/2

AUG-29-2003 04:53P FROM:

TO: 15097585601

P: 1/1

August 14, 2003

Hon. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, D.C. 20433

RE: BG & CM Railroad Petition for Exemption

Dear Mr. Williams:

This letter is on behalf of Columbia Grain Growers. In the past, we have been a major shipper of agricultural commodities and produce on the rail line between Spalding and Grangeville, in Lewis, Nez Perce and Idaho Counties, Idaho. Loading outbound grain movements.

We support the Petition for Exemption filed by BG & CM Railroad, and relief requested therein. In order to make a best effort to provide rail service, BG & CM Railroad needs to minimize its risks should unexpected costs arise, or should rail demand prove insufficient. We understand BG & CM's position, and accordingly support (1) an exemption from Surface Transportation Board regulation of abandonment of the line by BG & CM (including any requirement for any kind of Board approval of abandonment), and (2) and exemption from any general common carrier obligation under 49 U.S.C. 11101 should BG & CM restore service to the line.

Because we would like service to be available for this fall's grain season, we request that the Board act expeditiously and favorably upon BG & CM Railroad's petition for exemption.

We have authorized BG & CM Railroad to file this letter with its Petition in order to foster this Board's granting of the Petition.

Very Truly,

Name:

Title:

Richard A. Drown
U.P. Columbia Grain INC

SENT BY: CHARLES H MONTANGE;

208 548 3739;

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ALICE MATTSO, FIRST DISTRICT
KODIAK, IDAHOPAT HOLMBERG, SECOND DISTRICT
GRANGEVILLE, IDAHOGEORGE ENNEKING, THIRD DISTRICT
COTTERWOOD, IDAHO**BOARD OF COUNTY COMMISSIONERS**

Phone (208) 548-2751

IDAHO COUNTY
320 W. Main • GRANGEVILLE, IDAHO 83830

FAX Number: (208) 383-1428

September 2, 2003

Hon. Vernon Williams
Secretary
Surface Transportation Board
1925 K. Street NW
Washington, D.C. 20433

RE: BG & CM Railroad Petition for Exemption

Dear Mr. Williams:

This letter is on behalf of Idaho County. We support the Petition for Exemption filed by BG & CM Railroad, and the relief requested therein. BG & CM Railroad has informed us that it is prepared to make a last effort to provide rail service to our shippers, provided that its risks are minimized, and in particular provide it is able to abandon the line without further proceedings should unexpected costs arise or shipments not materialize. In addition, BG & CM Railroad has indicated that it can only control its costs if it is permitted to negotiate individual contracts with particular shippers rather than be subject to a general common carrier obligation. In the circumstances presented, we support (1) an exemption from Surface Transportation Board regulation of abandonment of the line by BG & CM (including any requirement for any kind of Board approval of abandonment), and (2) an exemption from any general common carrier obligation under 49 U.S.C. 11101 should BG & CM restore service to the line.

Because we would like service to be available for this fall's grain season, we request that the Board act expeditiously and favorably upon BG & CM Railroad's petition for exemption.

We have authorized BG & CM Railroad to file this letter with its Petition in order to foster this Board's granting of the Petition.

Very Truly,

Pat Holmberg
Pat Holmberg, Chairman
Alice Mattson
Alice Mattson, Commissioner
George Enneking
George Enneking, Commissioner



SENT BY: CHARLES H MONTAGE;

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T-898 P.002/002 F-407



August 14, 2003

Hon. Vernon Williams
 Secretary
 Surface Transportation Board
 1925 K. Street NW
 Washington, D.C. 20433

RE: BG & CM Railroad Petition for Exemption

Dear Mr. Williams:

This letter is on behalf of Lewis County. We support the Petition for Exemption filed by BG & CM Railroad, and the relief requested therein. BG & CM Railroad has informed us that it is prepared to make a last effort to provide rail service to our shippers, provided that its risks are minimized, and in particular provide it is able to abandon the line without further proceedings should unexpected costs arise or shipments not materialize. In addition, BG & CM Railroad has indicated that it can only control its costs if it is permitted to negotiate individual contracts with particular shippers rather than be subject to a general common carrier obligation. In the circumstances presented, we support (1) an exemption from Surface Transportation Board regulation of abandonment of the line by BG & CM (including any requirement for any kind of Board approval of abandonment), and (2) an exemption from any general common carrier obligation under 49 U.S.C. 11101 should BG & CM restore service to the line.

Because we would like service to be available for this fall's grain season, we request that the Board act expeditiously and favorably upon BG & CM Railroad's petition for exemption.

We have authorized BG & CM Railroad to file this letter with its Petition in order to foster this Board's granting of the Petition.

Sincerely,

Joe A. Leitch
 Joe A. Leitch, Chairman

Charles E. Doty
 Charles E. Doty, Member

Leann J. Trautman
 Leann J. Trautman, Member

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2003 THU 02:14 PM

NezPerce Co.

TO: 12065463739

P: 1/1

208 799 3149

P. 01



NEZ PERCE COUNTY

BOARD OF COUNTY COMMISSIONERS

August 14, 2003

1225 Main Street
P.O. Box 896
Lewiston, Idaho 83501-0896
(208) 799-3290
FAX (208) 799-3149

Hon. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, D.C. 20433

RE: BG & CM Railroad Petition for Exemption

Dear Mr. Williams:

This letter is on behalf of Nez Perce County. We support the Petition for Exemption filed by BG & CM Railroad, and the relief requested therein. BG & CM Railroad has informed us that it is prepared to make a last effort to provide rail service to our shippers, provided that its risks are minimized, and in particular provide it is able to abandon the line without further proceedings should unexpected costs arise or shipments not materialize. In addition, BG & CM Railroad has indicated that it can only control its costs if it is permitted to negotiate individual contracts with particular shippers rather than be subject to a general common carrier obligation. In the circumstances presented, we support (1) an exemption from Surface Transportation Board regulation of abandonment of the line by BG & CM (including any requirement for any kind of Board approval of abandonment), and (2) an exemption from any general common carrier obligation under 49 U.S.C. 11101 should BG & CM restore service to the line.

Because we would like service to be available for this fall's grain season, we request that the Board act expeditiously and favorably upon BG & CM Railroad's petition for exemption.

We have authorized BG & CM Railroad to file this letter with its Petition in order to foster this Board's granting of the Petition.

Sincerely,

BOARD OF COUNTY COMMISSIONERS

Larry Vincent, Chairman

J.R. Van Tassel, Member

Ronald J. Whitman, Member

BCC/jrw

J.R. Van Tassel
First Member

Irwin H. Caulfield
Second Member

Larry Vincent
Third Member

Patty O. Waska
Clerk