

208892

CHARLES H. MONTANGE

ATTORNEY AT LAW

426 NW 162ND STREET
SEATTLE, WASHINGTON 98177

(206) 546-1936

FAX: (206) 546-3739

7 Sept. 2003

Federal Express



Hon. Vernon Williams
Secretary
Surface Transportation Board
1920 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings

SEP 11 2003

Part of
Public Record

Re: BG & CM Railroad, Inc. -- Petition
for Exemption from Certain Requirements
of 49 U.S.C. Subtitle IV and other relief,
F.D. 34399

Expeditious treatment requested

Dear Mr. Williams:

Enclosed for filing please find the original and ten copies of a Petition for Exemption on behalf of BG & CM Railroad. This petition seeks an exemption from pre-authorization of abandonment requirements and from common carrier obligations in order to allow BG & CM Railroad to commence contract rail service during this autumn's grain rush on a line in Idaho. The line has previously been authorized for abandonment. It was railbanked by the prior owner with BG & CM Railroad.

Because the Petition seeks relief which will be necessary in order to provide rail service to shippers commencing this fall, expeditious treatment is requested.

The filing fee in the amount of \$4700 is being tendered in a separate Federal Express envelope from Michael Williams, P.O. Box 612, Richmond, MO 64085, a principal of BG & CM Railroad.

Please date stamp and return to me the extra copy enclosed herewith in the stamped self-addressed envelope so that I may verify receipt and filing for my records.

Thank you for your assistance in this matter.

FILED

SEP 10 2003

Very truly,

Charles H. Montange
for BG & CM Railroad

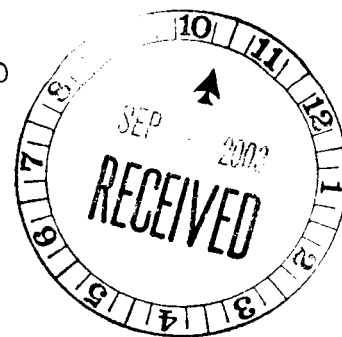
Encls.
cc. service list

RECORDED

FILED

SEP 9 2003

BEFORE THE SURFACE TRANSPORTATION BOARD



Trans. BG & CM Railroad, Inc. --)
Petition for Exemption --) F.D. 34399
in Lewis, Nez Perce and Idaho)
Counties, ID)

Petition for Exemption
from Certain Requirements
of 49 U.S.C. Subtitle IV
and

Petition for Partial Vacation of Abandonment Authorization
Should the Petition for Exemption
Be Granted

Office of Proceedings

SEP 11 2003

Expeditious Treatment Requested

This petition for exemption, filed on behalf of BG & CM Railroad, Inc. ("Railroad") pursuant to 49 U.S.C. § 10502, relates to a 66.8 mile long line of railroad between Spalding and Grangeville, in Lewis, Nez Perce and Idaho Counties, ID. The line of railroad has been before this Board in Camas Prairie Railnet, Inc. -- Abandonment, AB 564.¹

I. Summary

In this petition, BG & CM Railroad seeks exemption from certain requirements of 49 U.S.C. Subtitle IV relating to (a) abandonment authorization, (b) common carrier obligations, and (c) such other provisions as this Board believes are just and appropriate in the circumstances.

Should the foregoing relief be granted, this petition for

¹ BG and CM Railroad, joined by Camas Prairie RailNet, Inc., recently filed a letter requesting an extension of the consummation date for the abandonment authorization in AB-564, in the hope that this might facilitate the provision of rail service in accordance with this petition. For the convenience of the Board, this letter is attached as Exhibit A.

exemption also seeks an order which reactivates service upon the line authorized for abandonment or interim trail use/railbanking in STB docket AB 564, but only for that portion of the line from MP 0.0 to MP 52.0. The remainder of the line (MP 52.0 to end of line at MP 66.8) should remain railbanked pursuant to the currently existing CITU.

All assets necessary for rail operation have already been transferred by Camas Prairie RailNet, Inc. to BG & CM Railroad. Moreover, the transfer contract also assigned (transferred) any operating rights (including, or more appropriately, any residual operating right to reactivate service) from Camas Prairie RailNet, Inc. to BG and CM Railroad in connection with this line. Camas Prairie RailNet and BG and CM Railroad take the position that these transfers were authorized by this Board's issuance of a CITU substituting BG and CM Railroad as the trail manager for this line in the decision in STB docket AB 564 served January 6, 2003.

In order to avoid any delay, and without implying that any further authority is necessary, BG & CM Railroad expects soon to file a Notice of Exemption under 49 C.F.R. § 1150.31 et seq. to acquire any and all residual common carrier obligation (right to reactivate rail service) of Camas Prairie Railnet, Inc. as to the entire 66.8 mile rail line at issue in this proceeding. BG & CM Railroad also expects soon to file a motion to dismiss the Notice as unnecessary. This procedure will permit the Board to authorize the transfer of common carrier obligation, if further

authorization is necessary, but also permit the Board to determine that no such further authorization is necessary, as contended by the parties.

Because BG and CM Railroad's lender is unwilling to provide the financing necessary for BG and CM Railroad to provide rail service unless BG and CM Railroad is exempted from common carrier obligations and requirements for pre-authorization of abandonment, BG and CM Railroad cannot and does not hold itself out as a common carrier railroad, and does not wish to begin any operations or to enter into any relationships under which it assumes or is deemed to assume common carrier obligations. BG and CM Railroad thus requests this Board not to issue any relief if the issuance of the relief will impose common carrier obligations upon BG and CM Railroad.

BG & CM Railroad is authorized to state that Camas Prairie Railnet, Inc. supports the relief requested herein. BG & CM Railroad is further authorized to state that the two principal shippers (Primeland Cooperatives and Columbia Grain, Inc.) also support the relief requested herein (see Exhibit B). Finally, BG & CM Railroad is authorized to state that all three of the relevant county governments have been consulted and have indicated support (see Exhibit C).

II. Request for Expeditious Treatment and Immediately Effective Relief

Granting the relief sought in this petition will permit the provision of contract rail service to two grain elevators located on the line. Inasmuch as both elevators represent to BG

& CM Railroad that they desire and will employ rail service if available for this autumn's grain harvest, BG & CM Railroad requests that this Board act upon this Petition expeditiously and that this Board further grant relief effective immediately. If possible, BG & CM Railroad requests action within thirty days of the filing of the Petition. In support of such expedited review, BG & CM has obtained letters of support from the relevant shippers and their local governments (Exhibits B and C).² This Board has already authorized abandonment of the line in question, so abuse of shippers or the public by granting the relief sought is unlikely. Moreover, the relief requested in this petition constitutes a last-ditch effort to provide rail service, and should be fostered by the Board. In our view, the relief is consistent with decisions such as Dakota Rail, Inc.--Petition for Exemption from 49 U.S.C. 10901, 10903, and 11301, F.D. 30721 (Oct. 31, 1985). Furthermore, it basically serves the same policies advanced the "modified PCN" program embodied in 49 C.F.R. § 1150.21, except, of course, that the line in question here, although authorized for abandonment (or railbanking) is not under government ownership.

III. Background

A. Regulatory Posture

² BG & CM has also obtained a list of representatives of primary parties to Camas Prairie RailNet's abandonment proceeding for this line (docket AB 564) and is serving them with this Petition in order better to ensure prompt notice to potentially interested members of the public, should this be a concern of the Board in granted expedited consideration.

In Camas Prairie Railnet, Inc. -- Abandonment -- between Spalding and Grangeville in Lewis, Nez Perce and Idaho Counties, ID, AB 564 (Sept. 13, 2000), this Board authorized discontinuance and, subject to certain environmental and historic conditions, abandonment of a 66.8 mile line belonging to Camas Prairie Railnet from MP 0 at Spalding to MP 66.8 at Grangeville, in Idaho. The decision also issued a Certificate of Interim Trail Use (CITU) pursuant to 16 U.S.C. § 1247(d) and 49 C.F.R. § 1152.29. Camas Prairie Railroad discontinued service on November 30, 2000, and subsequently transferred a rail trail easement to Camas Prairie Trail Conservancy (affiliated with Camas Prairie Railnet). See Camas Prairie Railnet, Inc. -- Abandonment, AB 564, served May 15, 2001 (decision authorizing railbanking agreement between Conservancy and Camas Prairie Railnet, Inc.).

In response to a joint petition filed by Camas Prairie Railnet, Camas Prairie Trail Conservancy, and BG & CM Railroad, Inc., this Board issued a substitute CITU authorizing BG & CM Railroad to become railbanker/interim trail manager of the 66.8 mile line. See Camas Prairie Railnet, Inc. -- Abandonment, AB 564, served Jan. 6, 2003. Pursuant to this authorization, BG & CM Railroad acquired, subject to 16 U.S.C. § 1247(d) and the CITU, the track, ties, related material, and sufficient real estate interests for purposes of operating a trail and railroad

on the entire 66.8 miles.³ BG & CM Railroad also acquired all rights to operate rail service on the line.

In a decision served September 13, 2002, this Board granted an extension through September 13, 2003 to Camas Prairie Railnet to consummate abandonment authority for the line. As of the filing of this Petition for Exemption, Camas Prairie Railnet has not yet exercised that authority.⁴ In a letter pleading filed on September 5, 2003, BG & CM Railroad joined by Camas Prairie RailNet requested an extension of the consummation date or such other relief as was appropriate to allow contract rail service to be provided on this line during the autumn grain rush pending action on this Petition for Exemption and the relief requested herein.

B. Relevant Facts

The 66.8 mile line in question in this proceeding contains numerous trestles and tunnels, and also portions of the line have a substantial grade. BG & CM Railroad, after evaluating the line, believed and continues to believe that it is not economic to operate as a common carrier railroad. BG & CM Railroad accordingly originally acquired the line for railbanking/trail use, but subsequently discussed a last ditch effort to provide rail service with the two major shippers on the line: Primeland Cooperatives and Columbia Grain, Inc.

³ Camas Prairie retained certain utility and other rights in the line.

⁴ Camas Prairie Railnet, however, has entered into a railbanking agreement with BG & CM Railroad.

After discussions with these shippers, BG & CM Railroad approached lenders for possible financing of resumption of rail operations. As a condition for obtaining financing, the lenders have informed BG & CM Railroad that it must reduce risks by (a) obtaining an exemption from common carrier obligations and (b) to obtain an exemption from requirements for pre-authorization of abandonment. In short, for BG & CM Railroad to provide service, it must obtain financing, and to obtain financing, it must operate as a contract carrier exempt from common carrier and rail abandonment pre-authorization requirements. BG & CM Railroad accordingly is filing this Petition for Exemption to ensure that, should operations prove unprofitable or rail demand not materialize, it can immediately discontinue service without threat of contested authorization proceedings, including filing fees and legal bills. Second, BG & CM Railroad is filing this Petition to ensure that it need only provide rail services pursuant to contract in accordance with portions of 49 U.S.C. § 10709, and that it shall otherwise not be subject to the requirement to the general common carrier obligation specified in 49 U.S.C. § 11101(a), or any related requirements in Subtitle IV.

If BG & CM Railroad is relieved of the risk of contested abandonment proceedings, and any general common carrier obligation, BG & CM believes that it can satisfy lender requirements to obtain the financing to provide last ditch rail service for the major shippers on the rail line in question.

BG & CM Railroad is not prepared to operate the line as a common carrier because common carrier operations would not be economically viable on the line and because BG & CM Railroad has been informed and understands that it will not be eligible for necessary loans if it undertakes common carrier operations. For the same reasons, BG & CM Railroad is not prepared to operate the line if BG & CM Railroad must receive a pre-authorization for abandonment of rail service, or otherwise comply with abandonment procedures.⁵

IV. Specific Relief Sought

The specific relief sought by BG & CM Railroad in this Petition is as follows:

1. Exemption from any prior approval requirement for abandonment or discontinuance of any portion of MP 0.0 to MP 52.0 on which service is reactivated by BG & CM Railroad, provided, however, that should BG & CM Railroad reactivate service and later determine to terminate/discontinue/abandon service, BG & CM Railroad shall serve notice by U.S. Mail, postage pre-paid, first class, upon all shippers with whom it has contracted to provide service in the most recent two year period, and also serve the Board, no less than thirty days prior

⁵ As noted, BG & CM Railroad is prepared to give shippers and this Board 30 days' advance notice in writing by U.S. Mail, postage pre-paid first class, should BG & CM Railroad determine to abandon rail service on the line, and BG & CM Railroad does not oppose imposition of this as a condition should this Board grant this Petition. Moreover, BG & CM Railroad wishes this Board to retain jurisdiction to (re-)authorize the line for railbanking upon the consent or request of BG & CM Railroad should rail service be abandoned.

to discontinuing such service. Additionally, this Board should provide that it retains the authority to railbank the portion of the line on which service was reactivated pursuant to 16 U.S.C. § 1247(d) if requested during said thirty day period in the fashion provided in 49 C.F.R. § 1152.29. (BG and CM Railroad wishes to continue to ensure that the line remains intact.)

2. Exemption from any requirement specified in 49 U.S.C. § 11101 to provide transportation or service on reasonable request, and authorization to enter into contracts to provide rail service with particular purchasers of rail services pursuant to 49 U.S.C. § 10709(a)-(c) and an exemption from the remaining provisions of 49 U.S.C. § 10709.

3. Should the relief specified in numbers 1 and 2 above be granted, then BG & CM Railroad petitions for partial vacation of the applicable CITU from MP 0.0 to MP 52.0. The CITU should remain in place with respect to MP 52.0 to end of line at MP 66.8.⁶

BG & CM Railroad expects soon to file a Notice of Exemption to acquire the operating rights (right to reactivate service) on this line from Camas Prairie RailNet. Because BG &

⁶ As explained below, BG & CM Railroad and Camas Prairie RailNet understand the CITU entered in STB docket AB 564 authorized transfer of the rail line including operating rights from Camas Prairie RailNet, Inc. to BG & CM Railroad. Thus, vacation of the CITU should authorize continued operation of the line by BG & CM Railroad, not Camas Prairie RailNet. In no event should common carrier obligations be restored on the line to Camas Prairie Railnet, and the parties request that the Board ensure in the relief which it grants that no common carrier obligations on the part of either railroad arise in connection with the relief sought in this Petition, if granted.

CM Railroad and Camas Prairie RailNet believe that the CITU issued on January 6, 2003, in AB 569 already is sufficient to authorize any acquisition of this nature, the Notice of Exemption is being filed only as a precaution. BG & CM Railroad is also filing a motion to dismiss the Notice of Exemption on grounds it is not required. Should our motion to dismiss be granted, BG & CM requests return of the filing fee for the Notice, if collected by this Board prior to acting upon the motion to dismiss.

V. Arguments in Support of Petition

49 U.S.C. § 10502(a) authorizes this Board to exempt a person, class of persons, or a transaction of service whenever the Board finds that application in whole or in part of a provision of the ICC Termination Act

(1) is not necessary to carry out the transportation policy specified in 49 U.S.C. § 10101; and

(2) either --

(A) the transaction or service is of limited scope;
or

(B) the application in whole or in part of the provision is not needed to protect shippers from the abuse of market power.

Regulation of this line beyond the limited regulation specified in this Petition is not necessary to carry out the policies of 49 U.S.C. § 10101, and instead will foster such policies. While BG & CM Railroad believes that the relief

sought in this Petition is consistent with all aspects of § 10101, we will focus on a select few in our discussion below.

Section 10101(1). Section 10101(1) calls on this Board, "to the maximum extent possible" to allow competition and the demand for services to establish reasonable rates for rail transportation. The line in question in this proceeding has been authorized for abandonment. There currently is no obligation to provide any rail service on this line, and rail service has been discontinued. If this Petition is granted, rail service will again be available on a contract basis to at least the major shippers on the line between MP 0 and MP 52. Granting the petition thus will foster competition in the provision of transportation services and allow market rates to be set for rail services. Denial of the petition will result in less competition, and in effect would place unnecessary limits on market forces in connection with establishment of rates. Thus, the relief sought in the petition is consistent with § 10101(1).

Section 10101(5). Section 10101(5) calls for the Board to foster sound economic conditions in transportation. The line in question in this proceeding is economically infeasible in common carrier operation and indeed has been authorized for abandonment. BG & CM Railroad can obtain financing to resume rail operations (and then only on a contract basis) only if this Petition is granted. This Board has an entire program devoted to fostering last ditch service on marginal lines such as this,

so long as they are owned by state or local governments. That program is embodied in 49 C.F.R. § 1150.21, et seq. (modified PCN program). In that program, this Board removed barriers to exit and allowed operators to specify minimum conditions (including contract operations in which shippers must agree to payment of a subsidy or the tendering of a minimum number of carloadings) which shippers must meet before any obligation to provide service is imposed. With regard to this line, BG & CM Railroad is prepared to make a last ditch effort to provide freight rail service on the line, but can only do so if regulatory barriers to exit (e.g., requirements for Board pre-approval of abandonment) are removed, in a fashion similar to that provided under 49 C.F.R. § 1150.21. BG & CM Railroad cannot obtain financing should it be subject to any general common carrier obligation, or to barriers to exit. Instead, BG & CM is prepared to be subject to whatever requirements are imposed in contracts negotiated with individual shippers -- a condition roughly tantamount to specifying, as a precondition for service, that the shipper enter into a mutually agreeable contract for rail service. The relief sought in this Petition is accordingly carefully tailored to foster sound economic conditions in transportation on an otherwise economically infeasible line.

Section 10101(7). Section 10101(7) calls for a reduction in regulatory barriers to entry and exit from the industry. The relief sought in the pending Petition will reduce a barrier to

BG & CM Railroad's entry into the industry by reducing the potential burden of seeking exit authority should operations not work out on this very marginal line.

Section 10101(10). Section 10101(10) calls for reliance on individual rather than general rate increases. If the relief sought in this Petition is granted, BG & CM will be able to provide service on an individually negotiated basis for each shipper, in a fashion consistent with § 10101(10).

In addition to being consistent with the transportation policies set forth in § 10101, the transaction or service covered by this Petition is limited in scope, and regulation from which exemption is sought is not needed to protect shippers from an abuse of market power. The line in question is a dead-end branch in a mountainous portion of Idaho that serves only a handful of significant shippers. All the shippers have transportation alternatives. The previous owner, Camas Prairie RailNet, has obtained abandonment and railbanking authorization, discontinued service, and transferred the line for railbanking to BG & CM Railroad. The transaction or service covered by this Petition is accordingly limited in scope.

Unless this Petition is granted, the line will be railbanked and salvaged, without any near term likelihood of restoration of rail service. If the Petition is granted, however, a serious effort will be made to provide competitive rail service for the shippers who are willing to pay for it, on mutually agreeable terms. Whether or not there is actual

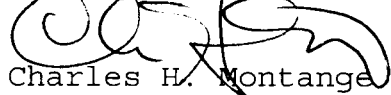
service, the shippers will have a rail alternative, and thus be better off. Moreover, BG & CM Railroad is a start-up rail carrier, and hardly possesses market power with which to abuse anyone, nor will provision of service by BG & CM Railroad enhance any other railroad's market power and thus ability to abuse. Under these circumstances, it is clear that application of the regulatory provisions from which this Petition seeks exemption is unnecessary to prevent abuse of shippers with market power. Finally, as already observed, the relevant shippers and the relevant county governments have provided letters of support. See Exhibits B and C.

Finally, the relief sought herein is consistent with the result, and supported by the reasoning in, Dakota Rail, Inc.--Petition for Exemption from 49 U.S.C. 10901, 10903, and 11301, October 31, 1985. In that case, a rail operator selected by shippers was allowed to provide rail service on the line, subject to exemptions necessary to allow the operator to commence service. As here, the line had been authorized for abandonment, and, as here, common carrier service had been discontinued. As here, the requested exemptions were necessary so that the new operator could provide service, and, as here, the relevant shippers and jurisdictions have evinced support.

VI. Conclusion

For the reasons stated, BG & CM Railroad respectfully requests that this Petition be granted.

Respectfully submitted,


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

Service List

I hereby certify service of the foregoing petition upon the following representatives of parties to AB 564 by U.S. Mail, postage pre-paid, first class this 8th day of Sept., 2003:

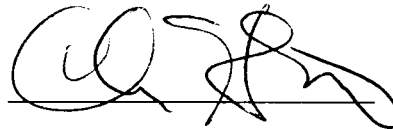
Mr. Ronald Kerr
Idaho Transportation Dept.
PO Box 7129
Boise, ID 83707-1129

Donald L. Howell, Esq.
Deputy Attorney General
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Richard Eichstaedt, Esq.
Nez Perce Tribal Executive Committee
Office of Legal Counsel
PO Box 305
Lapwai, ID 83540-00305

Thomas McFarland, Esq.
208 South LaSalle St.
Suite 1890
Chicago, IL 60604

John Heffner, Esq.
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036



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 CITU 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.

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.

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.

the common carrier under the proposed arrangement,⁶ then GB 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

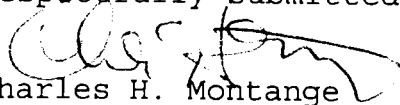
BG and CM, joined by Camas Prairie, thus requests an extension of the time in which to consummate abandonment until February 13, 2004, for the reasons stated.

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.

Exhibit B



8/22/13

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 Spaulding, 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 last 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 Railroads 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.

1200 Snake River Ave.
P.O. Box 467
Lewiston, ID 83501

A Division of CHS Cooperatives
www.primelandcoop.com

(208) 743-8551
1-800-458-8551
fax: (208) 746-0721

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 last 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 solicit this Board's granting of the Petition.

Very Truly,

Name:

Title:

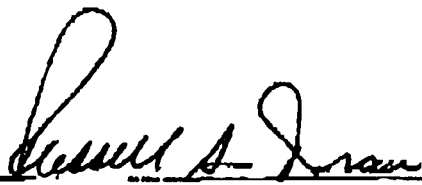

U.P. Columbia Grain Inc

Exhibit C

ALICE MATTSON, FIRST DISTRICT
KOOSKIA, IDAHO

PAT HOLMBERG, SECOND DISTRICT
GRANGEVILLE, IDAHO

GEORGE ENNEKING, THIRD DISTRICT
COTTONWOOD, IDAHO

BOARD OF COUNTY COMMISSIONERS

Phone (208) 983-2751

IDAHO COUNTY
320 W. Main • GRANGEVILLE, IDAHO 83530

FAX Number: (208) 983-1428

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





COMMISSIONERS:
JOE A. LEITCH, CHAIRMAN
CHARLES E. DOTY
LEANN J. TRAUTMAN

P.O. Box 39
 Nezperce, Idaho 83543
 (208) 937-2661

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

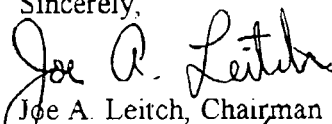
Dear Mr. Williams:

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.

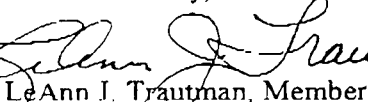
Because we would like service to be available for this fall's grain season, we request that the Board act expeditiously and favorably upon BG & CM Railroad's petition for exemption.

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, Chairman


 Charles E. Doty, Member


 LeAnn J. Trautman, Member



NEZ PERCE COUNTY

BOARD OF COUNTY COMMISSIONERS

August 14, 2003

1226 Idaho Street
P.O. Box 896
Lawiston, Idaho 83501-0896
(208) 799-3090
FAX (208) 799-3149Hon. 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. Wittman, Member

BCC/jrv

J.R. Van Tassel
First DistrictIrwin H. Caulfield
Second DistrictLarry Vincent
Third DistrictPatty O. Weeks
Clerk