

from the desk of Jon A. Barton

August 19, 2008

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The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E. Street, SW
Washington, DC 20423-0001

RE Docket No. AB-515 (Sub-No 2X), Central Oregon & Pacific Railroad, Inc. -
Abandonment and Discontinuance - in Coos, Douglas and Lane Counties, OR (Coquille
to Vaughn) and STB Finance Docket No. 35160 Oregon International Port of Coos Bay -
Feeder Line Application - Coos Bay Line of the Central Oregon & Pacific Railroad, Inc.

Dear Secretary Quinlan:

Thank you for the opportunity to provide testimony concerning the rail line serving Coos
County. The rail line connecting the greater Coos Bay area with the rail hub in
Eugene/Springfield is a critical component of the area's infrastructure and an incredibly
important element in the area's economy.

CORP operated the line for many years without keeping up with essential maintenance.
Now they claim they can no longer operate safely or profitably without major capital
investment. Moreover, they want the lion's share of that investment to be borne by the
public. Rather than open a dialogue with government and local customers, they simply,
on a day's notice, ceased operations despite their contractual obligation to provide timely
notice.

This is after the Port of Coos Bay stepped in a few years ago and spent several millions of
dollars doing temporary repairs to the railroad bridge that crosses Coos Bay providing
rail access to the mills south of the Bay. Moreover, the Port of Coos Bay recently
invested several more million dollars in a rail line extension on Coos Bay's North Spit,
also to serve a new saw mill and other potential shippers as the North Spit industrial zone
develops. And even more millions have been earmarked but not yet spent for further rail

bridge repairs. In the last decade, the Port of Coos Bay has invested nearly \$20 million of public money in support of rail service to the area, an investment that clearly benefited CORP. Additionally, \$35 million of public money has been invested in regional airport improvements, in part due to anticipated economic growth and the resulting increases in air traffic. Rail service is a key factor in the area's economic growth.

CORP's precipitous and unilateral action to abandon rail service, and indeed the rail line itself, to the Coos Bay area has and will have a tremendously negative impact on the long term economic well-being of Oregon's South Coast region. The mills, until recently, used rail as primary transportation for shipping their products. They will be at high risk for closure as trucking costs become prohibitive. Several hundreds of jobs would be negatively impacted. More importantly, loss of rail service, especially if the line's assets are salvaged, would have a devastating impact on the area's ability to attract new industry. Three major projects currently in the planning stage, potentially employing hundreds of skilled workers, would no longer be viable.

Allowing the loss of critical infrastructure to rural and semi-rural communities is bad public policy. Without an adequate communications infrastructure, including rail, air and road, economies do not develop. Populations become poorer, older and less vibrant. Young people leave to seek opportunity in economic hubs. Cities grow larger. Urban sprawl becomes more and more problematic. Communities large and small can not survive if they are isolated from the rest of the country.

More specifically, the public interest is not served by dramatically increasing truck traffic. Carbon emissions, road maintenance, to say nothing of millions of gallons in incremental fuel consumption, all have a high cost to taxpayers. It is clearly in the national interest to have policies that encourage the most efficient use possible of our energy resources. Destroying rail service to lesser developed areas does not serve that end.

There is no one more in favor of a free market economy than this writer. However, when the free market gets seriously out of balance, it is sometimes necessary for government to step in to restore equilibrium. This is one of those times. Government should, as one of its primary functions, make certain necessary infrastructure is in place to serve the needs of the people. For public utilities such as electricity, water, roads, air and rail, some reasonable level of regulation is not only appropriate but it is absolutely essential.

It is hoped that the Surface Transportation Board will take the necessary steps to ensure that if CORP does not reinstate rail service to Coos County the public's right to rail access is not unreasonably impaired and the line's imbedded assets are left intact for sale or lease to others at reasonable and supportable rates. Steps should be taken to make certain that CORP is not in position to extract unreasonable tolls for use of the few miles of rail they have selected to retain, perhaps as insurance that a handsome "pound of flesh" can be extracted from whoever may wish to access the mainline in the future.

The Coos Bay area is a working seaport, a recreational center for the nation and home to nearly 65,000 residents. Marine, air, road and rail are all critical elements to the area's well-being. Please do your part in protecting its interests.

Respectfully submitted,

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