

Jean Jewell

From: Ed Howell
Sent: Tuesday, July 06, 2004 9:48 AM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

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Case: Case No. GNW-R-04-1
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Attached is additional compelling testimony that was presented by representatives of the Clearwater Economic Development Association (CEDA) at the public hearing hosted by the Idaho Public Utilities Commission (PUC) in Orofino, Idaho, on June 28, 2004. (PUC should have this testimony on file.)

I take exception with one part of the historical circumstances outlined in Chris Kuykendall's testimony which I address below. Also, I need to correct my error in the chronology of events I spoke to in my message "Save the Railroad (Hearing Report)" sent on 7/1/2004 at 8:19 AM.

Chris stated, "The Jaype (plywood) mill was the primary user of the rail line branch under discussion." That is not true according to Jim Mallory, a representative of Potlatch Corporation who works at the Clearwater Logging Unit Headquarters Office. Jaype was not the key factor. Mr. Mallory says Jaype's transportation requirements generated the need for only 400 rail cars annually. However, log hauling generates a requirement for ten times that number each year. In fact, Mr. Mallory asserts Potlatch negotiated in good faith with Camas Prairie RailNet, the previous owner, with a guarantee for at least 4,000 cars annually. RailNet reciprocated by demanding an increase in shipping rates for the Jaype line while leaving rates as they were for mills on the Kamiah/Kooskia line. The deal fell through. Mr. Mallory states, "Loosing the rail hauling option translates to an additional 9,000 truck loads per year on the County's road system."

In my Hearing Report, I stated "the line was closed from flood damage about two and one-half years ago." To clarify and correct the chronology of events that led up to the abandonment decision, I offer the following summary. Shipping negotiations between Potlatch and RailNet broke down in late spring of 2002. Shortly after that, RailNet quit hauling Potlatch logs. The Orofino Creek flood of January 2003 nearly reached the epic proportions of the February 1996 100-year flood. It caused at least two washouts and disabled at least one trestle on the 31-mile Orofino to Jaype rail line. That appeared to be the final "nail in the coffin" as far as RailNet was concerned. By then, RailNet had abandoned the Spalding to Grangeville rail line and had made up their mind to abandon the Orofino to Jaype segment of the railroad. However, before the two-year waiting period for abandonment had expired, RailNet made arrangements to sell the Orofino to Jaype rail line to Watco. By their words in the sale announcement, unknowing persons would have been led to believe the Camas Prairie RailNet was functioning normally with great expectations for the future under Watco ownership. Following is an excerpt of RailNet comments from the announcement as reported by Depot News. Website <http://www.depotnews.com/KRUG/040217KRUGa.htm> provides the full details of the

announcement.

"The Camas Prairie has been a great property for North American RailNet," said Roger Nelson, President and CEO. "This was a good transaction for us and an opportunity for Watco to grow in the Northwest. We have known the folks at Watco for many years and believe they will be a tremendous fit for our customers."

"I want to thank the many good people in the area who have been supportive of Camas Prairie RailNet and the work we have done here. In particular I want to express my sincere appreciation to the customers who have been so great to work with."

Camas Prairie RailNet was established in April of 1998 with the purchase of the Camas Prairie Railroad by North American RailNet, Inc. from Burlington Northern Santa Fe Railway and Union Pacific Railroad". North American RailNet, Inc. is a Bedford, Texas short line railroad holding company.

As citizens, we must be aggressive in our correspondence to "save the railroad." That means writing letters and e-mails to the President and Vice-President of the United States, the Congressional Delegations from Idaho and Washington, the U.S. Department of Transportation, the Potlatch Corporation's Corporate Headquarters in Spokane, the U.S. Forest Service both locally and in Washington D.C., and Nez Perce Tribal Leaders at Lapwai.

Don't forget to write or e-mail the Public Utilities Commission with your reasons for keeping the railroad. They are still gathering information to formulate their recommendation to the Surface Transportation Board, a division of the U.S. Department of Transportation.

T.J.

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