

Jean Jewell

From: Ed Howell
Sent: Thursday, July 01, 2004 11:05 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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Comment description: Address Group: Save the Railroad,

In regard to Case No. GNW-R-04-1, the proposed abandonment of the Orofino to Jaype rail line, the Idaho Public Utilities Commission (PUC) will continue to accept testimony via e-mail or mail over the next few days. If you have information you think PUC needs to consider, go to website www.puc.state.id.us for contact information. Send the information ASAP.

Paul Kjellander, President of the PUC, chaired the hearing. He was assisted by Don Howell, an Idaho Deputy Attorney General who is chief legal counsel for the PUC, and Amy Wilkins, a court reporter from Clearwater Reporting of Washington and Idaho. The testimony at the hearing was overwhelmingly in favor of saving the railroad. In fact, not a single speaker proposed abandonment of the railroad though one was neutral.

PUC spokesman Gene Fadness, reporting on KMAX Radio (840 AM) out of Colfax yesterday, stated the testimony at the hearing "was compelling" and that would give the PUC cause to consider a recommendation in favor of retaining the railroad. Some of that compelling testimony included presentations by Don Konkol and Mike McNichols of the Konkolville Lumber Company, Inc., Press Thomas of Idaho Lime based in Grangeville, Alex Irby representing State Representative Chuck Cuddy, Clearwater County Commissioners Stan Leach, Don Ebert and Pete Curfman, Mayor of Pierce Wally Williams, Mayor of Orofino Joe Pippenger, Chris Kuykendall of the Clearwater Economic Development Association--Lewiston, Rene Gingrich of the Clearwater County Economic Development Council, Shaun Maxey of the Ida-Lew Economic Development Council, Lin Chamberlin of the Orofino Chamber of Commerce, Brent Thomson (a Lewiston-based entrepreneur) with scientific expertise in alternative uses of wood fiber and co-generation of power, Dave Smith of Transmodal Transportation Ideals, Clark Callear on the Nation's "healthy forest initiative," and yours truly as a concerned citizen.

Konkolville Lumber is the only current user of the line and pointed out that Watco filed for abandonment from mile 0.0 in Orofino to mile 31 at Jaype claiming the line has not been used for two years. Konkolville Lumber has been using the rail line to ship lumber since 1947 even when the mill was located at Cow Creek and they shipped their lumber by rail from O-Mill. In 1949, they established operations at their current location 3.5 miles up the railroad from Orofino and have shipped continuously via rail during that period. Currently, Konkolville Lumber ships about 190 carloads annually but expects to double that amount over the next couple of years. Konkolville ships by rail to all points east of Chicago and to California.

Idaho Lime, who owns the mining claims for the Lime Mountain Quarry, last used the line in 1998. During that year, they experienced a temporary hiatus in their operations at Lime Mountain. Before they could restart, RailNet, the rail line owner at that time, added a \$1,500 tariff on each carload of lime. This forced Idaho Lime to cease operations because of economic restraints. Idaho Lime forecasts a potential annual usage of 400 carloads annually and Shaun Maxey of Ida-Lew testified to another 500 car option. The

major market for the lime would be for soil conditioning throughout farming regions of the Pacific Northwest with some alternative uses for paper manufacturing.

Dave Smith of Transmodal's proposal of a 700 Megawatt Coal-Fired Power Plant at Jaype would require a minimum of 5,200 cars of coal annually traveling from either Ayer Junction or the Port of Lewiston (or both) to Jaype. Environmentally speaking, Jaype is the right location for a coal-fired power plant. I will send a complete summary of this proposal later. To me, the coal-fired proposal offers the best potential for long-term sustainability of the Orofino to Jaype rail line. Because the Pacific Northwest planning agencies are predicting a 3,000 megawatt shortfall in electrical generation by the year 2011, this is not a pipe-dream. A plant this size will provide up to 300 family wage jobs to the surrounding area. The cities of Pierce and Weippe have the most to gain, especially Pierce which I believe is the most economically depressed city in the region. Also, a big user like this would offset some of the bad side effects Potlatch leverage has had on the smaller users of the rail line and would make it possible to run the line without Potlatch participation.

Brent Thomson outlined the possibilities for co-generation of power and production of ethanol at a proposed plant at or near Jaype. This proposal has excellent potential in that it could provide up to 120 family wage jobs to the surrounding area. He also reiterated the shipping potential for lime from the Lime Mountain Quarry and another deposit near Headquarters.

Clark Callear stressed that the Nation's "healthy forest initiative" will generate a substantial requirement for transportation resources to transport harvested dead and dying timber to processing plants. His position is that the current road system cannot handle these demands. He feels the railroad should be the first choice for transporting these natural resources.

My focus was to summarize this dilemma of abandonment and stress the need for the railroad to offset the tremendous wear and tear on our local road system. I also pointed out that there are Nationally renowned experts in Agricultural Transportation and Economics from this area who can provide proof that the railroad is essential to our transportation infra-structure. They are Dr. Kenneth Casavant and his associates at Washington State University.

Although, testimony from Potlatch Corporation was noticeably absent, their history of shipping included 4,000 carloads of logs annually up to the point when the line was closed from flood damage about two and one-half years ago.

Other speakers throughout the hearing provided positive reinforcement for the ideas I have outlined so far. When I am able to obtain transcripts of the testimonies of Chris Kuykendall and Rene Gingrich, I will pass those on separately. Some other ideas I found interesting included using the rail line for rail-tours and how the tours could be synergized with tour-ships coming up the Columbia and Snake Rivers. And then how Paul Pippenger's new Best-Western Motel (now under construction) at a setting between the railroad and the Clearwater River in Orofino could be used as a way-point or jumping-off-point for these rail-tours.

This hearing was a genuinely positive experience even though Mr. Kjellander relayed to me after the hearing that we will have a tough time getting our position by the Surface Transportation Board, a division of the U.S. Department of Transportation. He stated he had presented very positive cases to them in the past only to have them serve as a "rubber stamp" for the abandonment request by the railroad companies.

Advise from experts who have had dealings with rail-abandonment requests in the past tell me that in order to "save the railroad," we must bombard, with letters and e-mails, 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. I will forward more contact information in another message.

Our best chance to attain a positive outcome might be to do an outright purchase of the rail line. There is a local community leader exploring that possibility and Watco has responded by asking him for a plan-of-action. I know another individual in the community who has \$100,000 standing by ready to invest with a buyers group to form a Limited Liability Corporation to buy and run the rail line. If you have deep pockets and wish to become a part of this venture, I can pass your name and contact information to these individuals.

T.J.

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From: Ed Howell
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mailing_list_yes_no: yes
Comment_description: Address Group: Save the Railroad,

Did Watco ever intend to operate the rail line between Orofino and Jaype? If they did, they have had a rapid change of heart about that commitment since the sale announcement.

Depot News reported that "Watco and RailNet Announce Agreement for Sale of Camas Prairie RailNet." The sale was effective March 1, 2004. For full details of the Depot News report go to website <http://www.depotnews.com/KRUG/040217KRUGa.htm>

Among other persuasive comments, President and CEO Rick Webb had the following to say:

"I personally very much have appreciated the way the folks at RailNet have worked to make this transaction occur," Webb said. "Since RailNet purchased this line they have been very good stewards of the railroad and have built good Customer loyalty. This should make for a seamless transition for operations on the first day.

"Watco will continue to work on the relationships that RailNet has fostered and we will be working very hard to grow the business on this line. We will also be seeking enhanced public-private partnerships to ensure the entire line can be preserved for the long-term. This railroad can and will be successful for the long-term, if all parties work together with a long-term vision in mind.

By June 8, 2004, the Idaho Public Utilities Commission (PUC) had released information to the public announcing Watco had filed to abandon the Orofino to Jaype rail line and had requested an exemption to complete the abandonment process in 30 days. PUC also announced they would conduct a public hearing in Orofino on June 28, 2004, to receive public comment.

In a June 28, 2004, reply to an inquiry by a potential buyer who had asked Watco if they wanted to sell the Orofino to Jaype railroad in Idaho, Rick Webb stated:

"We are in the process of abandoning this line and therefore have began the sale process. If you are interested in buying it we would be happy to discuss options...."

It sounds like Watco thinks they have the Surface Transportation Board of the U.S. Department of Transportation in their pocket and that abandonment is a done deal. I believe Watco never intended to return the Orofino to Jaype rail line to operational status and that in their finest tradition, they are living up to their nickname in railroad circles as "Scrapco."

T.J.

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