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UTILITIES COMMISSION
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July 15, 2004

Violet, T.J. and Hae Suk Bruce  
Bruce Ranch  
2266 Harmony Heights Road  
Orofino, ID 83544-9642

Re: Potential abandonment of the Konkolville to Jaype line

Dear Violet, T.J. and Hae Suk:

Governor Dirk Kempthorne has requested that the Idaho Transportation Department (ITD) respond to your recent letter regarding the referenced potential abandonment. Thank you for your interest and your numerous suggestions for preserving rail service options in the Clearwater County area and in Idaho. Please be aware that ITD does not have regulatory authority over railroad abandonment or the authority to require shippers and railroads to negotiate contracts.

Federal law permits a railroad to file a Notice of Exemption with the Surface Transportation Board (STB) to abandon a line if there has been no originating or terminating traffic on the line for two years or more, which is the case on that portion of the line from Konkolville to the end of the line near Jaype. The STB normally approves these Notices of Exemption as long as any environmental conditions are met.

In a Great Northwest Railroad (GNR) filing of environmental materials with the STB on June 8, 2004, the GNR states that they plan to salvage the track between mileposts 3.5 and 31.0 and convert the track from mileposts 0.0 and 3.5 into spur track in order to continue to serve Konkolville Lumber.

As you are aware, the Idaho Public Utilities Commission (IPUC) conducted a public hearing on the proposed abandonment on June 28, 2004. It is our understanding that the IPUC Commissioners will consider what possible action the IPUC might take before the STB on this case after the manuscript from that hearing is received and reviewed. The IPUC may also wait until the GNR makes their official filing with the STB to decide possible action.

I am forwarding a copying of your letter to the IPUC asking that they follow up with you as to any actions taken by either their Commission or the STB. Again, thank you for your interest in preserving rail service in Idaho, an interest that we share. If we can be of further assistance, please contact Ron Kerr, ITD Rail Planner, at 208.334.8210.

Sincerely,

DAVID S. EKERN P.E.  
Director

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cc: Governor Dirk Kempthorne  
IPUC-Don Howell

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JUN 29 2004

SUSPENSE

BRUCE RANCH

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ID. TRANS. DEPT.

REPLY DUE 7-2-04

SUSPENSE # 004-070

June 18, 2004

RECEIVED  
JUN 25 2004

OFFICE OF THE GOVERNOR

TO: Governor Dirk Kempthorne  
Office of the Governor  
755 West Jefferson, 2nd Floor  
P.O. Box 83730 Boise Idaho 83720-0034  
SUBJECT: "Save the Railroad"

Clearwater County, Idaho, is on the verge of losing an important part of its transportation infra-structure. As reported in the April 8<sup>th</sup> Clearwater Tribune based in Orofino, Watco Companies, Inc. is seeking permission to abandon about 30 miles of rail line or that portion that connects Konkolville with the former Jaype plywood plant near Pierce. Watco is the current owner of this short-line railroad that transits Orofino and Clearwater County. The railroad was formerly known as the Camas Prairie RailNet which Watco now calls the Great Northwest Railroad, Inc. The Idaho Public Utilities Commission will conduct a hearing in regard to this matter at the Clearwater National Forest Supervisor's Office at 1:00 P.M. on June 28, 2004. In order to save this vital transportation link, each citizen and government official must play a pro-active role in stopping the abandonment. We are specifically contacting you to request your help in stopping the abandonment process and in returning this railroad to operational status.

The Federal and state governments must think strategically about the future of this region and refuse permission for this abandonment. Clearwater County cannot afford to lose this important part of its economy or transportation infra-structure. At 13.4 percent average unemployment for the past 10 years and \$21,000 per capita annual income (\$9,000 below the National average), this county is "The Appalachia of the West." We see a trend where one abandonment leads to another and another and so on. First was the Spalding to Grangeville line. Fortunately, the Bountiful Green Craigmont Mountain Railroad (BGCM) owned by Mike Williams saved the part of that line from Spalding to Cottonwood. Next to go will be the Konkolville to Jaype line. Without the revenue from that line, it only makes sense Watco will next request abandonment (already rumored) of the Spalding to Kamiah-Kooskia line to include the Konkolville spur. With the up-river revenue gone, Watco will then propose to pull the rug out from under BGCM forcing Mr. Williams to buy the Lewiston to Spalding line or abandon the whole works.

The Tribune article led one to believe the closure of the Jaype plywood plant caused Pottlatch to no longer use the line. That is not true according to Jim Mallory, a representative of Pottlatch Corporation who works at the Clearwater Logging Unit Headquarters Office. 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 Pottlatch 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, "Losing the rail hauling option translates to an additional 9,000 truck loads per year on the County's road system."

Rail service on the Jaype line has been suspended for two years. After two years with the increased truck traffic, our county, state, and national road system in this area has taken a real hit. The road conditions can only get worse because revenue from trucks cannot keep up with the wear and tear on the roads. The only solution can be to hope for large federal grants which are ultimately funded by the Nation's taxpayers. Why should the tax payer pick up this

tab when the rail line could provide the necessary relief?

We believe the Federal and state governments should serve as the arbitrator between Potlatch and Watco to establish a reasonable contract for hauling a minimum of 4,000 railcars of logs per year with a five-year guarantee (ten-year better) by both parties. This solution requires a get-tough policy by state and local county government for limiting use of local roads for log hauling so Potlatch feels compelled to use the railroad. Roads in this area are being beat-to-death by over-weight log trucks and a policy of allowing hauling when roads should be restricted due to climatic conditions.

We also believe the Federal and state governments should eliminate all taxes on the Great Northwest Railroad (GRNW) property and rolling stock to provide incentive for continued operation. The pay-back is that any hauling done by the railroad: provides relief to the tax payer in the form of less maintenance and reconstruction costs of the local road system, uses less of our nation's finite oil reserves, and pollutes the environment less than trucks do. The people of the State of Washington must be included in this solution because Washington has invested \$30 million in Watco who also owns the Palouse River and Coulee City Railroad (PCC) in eastern Washington. They made this investment to limit the wear and tear on their road system. But they also realize trickle-down benefit from the GRNW as it transits eastern Washington with products to or from Idaho which link up with the major rail carriers at Ayer Junction.

Finally, government and civic leaders must seek out additional uses for this railroad to demonstrate good faith for keeping the railroad operational. Examples are log hauling in addition to Potlatch's needs, ore hauling, fuel hauling, power production, and recreation. Based on the Federal government's "healthy forest" initiative, quantities of diseased, dead, and burned timber should be available for harvest in the near term. The Great Northwest Railroad, especially the portion proposed for abandonment, provides a vital link for transporting this timber to mills for processing into wood products. Mineral deposits in the Orofino Creek Canyon have potential for commercial development. The rail line would serve as the vital link to haul the ore to processing plants. The rail line provides the potential for two-way transportation of fuel, whether oil-based or waste wood products, to facilitate domestic and commercial requirements and co-generation power production. The Konkolville to Jaype rail line follows an exceptionally scenic route as it pursues Orofino Creek through a canyon carved to a 2,000 foot depth. "Speeder" rail-enthusiasts covet this route for it crosses back and forth across the creek nearly once every mile of its 30 mile length. It has excellent potential as a dinner-train and/or tour-train route and use as a motion picture set.

The bottom line is that the American government "of the people" gave huge land grants to the railroads to open up the west. The railroads got rich by hauling people and articles of trade and by selling the excess land. Now, when "we the people" of Clearwater County need to retain this transportation resource as a vital part of our infra-structure, Watco is ready to "cut and run." To add to this dilemma, many of our government officials and civic leaders have given up the fight. We must stop the abandonment process and return the Konkolville to Jaype rail line to operational status.

Sincerely,

*Violet R. Bruce*  
VIOLET R. BRUCE  
*T. Bruce*  
T. BRUCE  
*Hae Suk Bruce*  
HAE SUK BRUCE

NOTE: See the following websites for information about Watco and local-area short-line railroads.  
<http://www.depoineews.com/KRUG/040217KRUGa.htm>  
<http://www.watcocompanies.com/Railroads/gnr/grnw.htm>