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SERVICE DATE – LATE RELEASE DECEMBER 10, 2010

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. AB 1043 (Sub-No. 1)

MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.—DISCONTINUANCE OF
SERVICE AND ABANDONMENT—IN AROOSTOOK AND
PENOBSCOT COUNTIES, ME.

Decided: December 10, 2010

The Montreal, Maine & Atlantic Railway, Ltd. (MMA or the railroad) filed an application under 49 U.S.C. § 10903 for permission to abandon and discontinue service over approximately 233 miles of line in Aroostook and Penobscot Counties, Me. on February 25, 2010. On March 17, 2010, the Board set dates for persons to submit filings on the application.¹

The Board received protests from the State of Maine, by and through its Department of Transportation (State) and from various shippers. Specifically, a joint protest was filed by Irving Woodlands LLC, Irving Forest Products, Inc., Fraser Papers Inc., Fraser Timber Limited, and Katahdin Paper Company. Separate protests were filed by Huber Engineered Woods, LLC, The Brotherhood of Locomotive Engineers and Trainmen, and Louisiana-Pacific Corporation. MMA challenged the claims of the protestants in a rebuttal.

On May 25, the Board issued an order encouraging the parties to enter into talks with the assistance of Board staff in order to resolve issues arising out of the abandonment application and a proposal by the State to purchase the line for continued rail service. After the conclusion of staff led mediation and at the Board's urging, the parties, in particular MMA and the State, continued to meet to try to reach an agreement on how to resolve this matter.

On October 20, the State and MMA jointly notified the Board that they reached an agreement by which the railroad agreed to sell the line to the State for continued rail service. The parties stated that they would begin preparation of a definitive purchase and sale agreement and take appropriate actions to satisfy certain preconditions to a closing of the purchase and sale transaction. The State and MMA would then formally request Board approval.

On December 9, 2010, the State and MMA jointly submitted a petition detailing their agreement. They assert that they have substantially completed the negotiation of a purchase and sale agreement and the related trackage rights and interchange agreements necessary to

¹ In decisions served in this docket on April 5, 2010, and April 26, 2010, the Board modified this procedural schedule.

implement the settlement. They place a number of conditions on their transaction. Primarily, they ask that the Board grant the abandonment; acknowledge that the State will not become a common carrier after the purchase; and allow the railroad to consummate the abandonment, subject to environmental conditions, if the State fails to close on the deal, or withdraw the abandonment authority and reinstate the opposition if the railroad fails to close on the deal. The parties wish to consummate their purchase and sale agreement by December 31, 2010. The parties state that, after the consummation of the sale, MMA will provide interim service until the State chooses a new operator for the line.

To further this plan to continue rail service, the State has agreed to withdraw its opposition to MMA's abandonment and discontinuance application. It recommends that the other parties that had submitted opposition to the abandonment and discontinuance of service do the same to ensure continued rail service.

Replies to the December 9 filing will be due by December 17, 2010. Given the expedited consideration request, and public disclosure of the agreement between the railroad and the State since October 20, this is a reasonable deadline for filing replies.

It is ordered:

1. Replies to the December 9 filing are due by December 17, 2010.
2. This decision will be effective on its service date.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.