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April 9, 2009

By e-filing

Anne K. Quinlan, Esq.
Acting Secretary
Surface Transportation Board
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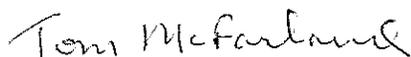
Re: Finance Docket No. 35175, *Roseburg Forest Products Co.; Timber Products Company, L.P.; Suburban Propane, L.P.; Cowley D&L, Inc.; Sousa Ag Service and Yreka Western Railroad Company -- Alternative Rail Service -- Central Oregon & Pacific Railroad, Inc.*

Ex Parte No. 346 (Sub-No. 25C), *Rail General Exemption Authority -- Lumber or Wood Products*

Dear Ms. Quinlan:

Hereby transmitted is Petitioners' Reply to CORP's Supplemental Statement, for filing with the Board in the above referenced matters.

Very truly yours,



Thomas F. McFarland
Attorney for Petitioners

BEFORE THE
SURFACE TRANSPORTATION BOARD

ROSEBURG FOREST PRODUCTS CO.;)	
TIMBER PRODUCTS COMPANY, L.P.;)	
SUBURBAN PROPANE, L.P.; COWLEY)	FINANCE DOCKET
D&L, INC.; SOUSA AG SERVICE and)	NO. 35175
YREKA WESTERN RAILROAD)	
COMPANY-- ALTERNATIVE RAIL)	
SERVICE -- CENTRAL OREGON &)	
PACIFIC RAILROAD, INC.)	
)	
RAIL GENERAL EXEMPTION)	EX PARTE NO. 346
AUTHORITY -- LUMBER OR WOOD)	(SUB-NO. 25C)
PRODUCTS)	

PETITIONERS' REPLY TO CORP'S SUPPLEMENTAL STATEMENT

ROSEBURG FOREST PRODUCTS CO.

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Roseburg, OR 97470

SUBURBAN PROPANE, L.P.

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Yreka, CA 90697

SOUSA AG SERVICE

861 South 11th Street
Montague, CA 96064-9298

TIMBER PRODUCTS COMPANY, L.P.

P.O. Box 766
Yreka, CA 96097

COWLEY D&L, INC.

701 Highway A-12
Grenada, CA 96038

YREKA WESTERN RAILROAD COMPANY

300 East Minor Street
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DUE DATE: April 10, 2009

BEFORE THE
SURFACE TRANSPORTATION BOARD

ROSEBURG FOREST PRODUCTS CO.;)	
TIMBER PRODUCTS COMPANY, L.P.;)	
SUBURBAN PROPANE, L.P.; COWLEY)	FINANCE DOCKET
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PETITIONERS' REPLY TO CORP'S SUPPLEMENTAL STATEMENT

Pursuant to the Board's decision served March 4, 2009, (Ordering Paragraph 2 on page 12), as modified by the Board's decision served March 13, 2009, (Ordering Paragraph 1 on page 1), Petitioners hereby submit their reply to a Supplemental Statement (Supp. Stmt.) filed by Central Oregon & Pacific Railroad, Inc. (CORP) on March 31, 2009.

REPLY

1. Item 1, Supp. Stmt. at 7-8: The attached Joint Verified Statement of Allyn Ford and Joseph H. Gonyea, III, fully responds to CORP's failure to have explained why it is opposed to alternative rail service given that Petitioners' traffic has been diverted to truck transportation. The conclusion is inescapable that CORP has no intention of providing the required rail transportation itself, but CORP also is attempting to prevent any other rail carrier from providing

the needed rail transportation.^{1/} That extremely selfish action is directly contrary to the public interest.

2. Item 1, Supp. Stmt. at 8-9: Contrary to CORP's unsupported claim, there is no reason to believe that Petitioners and/or WTL would not voluntarily pay the compensation resulting from the *PYCO* formula. Moreover, resort to the Board is likely to be essential for resolution of disputes in regard to application of that formula.

3. Item 2, Supp. Stmt. at 9-11: CORP does not deny that it did not notify RFP or TPC of its reduction of rates in late May, 2008. A rail carrier interested in providing service would surely notify its customers of a rate decrease designed to attract their traffic. CORP did not notify RFP or TPC because this rate reduction was not designed to attract their traffic, but instead was intended to make CORP's rates more legally defensible.

4. Item 3, Supp. Stmt. at 11-12: CORP neglects to advise the Board that Union Pacific does not desire to transport the involved traffic.

The Board is urged to review the attached Joint Verified Statement of Allyn Ford and Joseph H. Gonyea, III, which explains why CORP's behavior in this proceeding is incompatible with the public interest.

^{1/} CORP's selfish stance brings to mind the well-known Aesop Fable of "The Dog in the Manger." The fable tells the story of a dog who did not want to eat hay from a manger itself, yet stubbornly refused to permit cattle and oxen to eat that hay. The teaching of the fable is that "people often begrudge others what they cannot enjoy themselves."

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, for the reasons stated herein and in prior pleadings filed by Petitioners, the Board should grant the Petition for Alternative Rail Service.

Respectfully submitted,

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Yreka Western Railroad Company

DUE DATE: April 10, 2009

JOINT VERIFIED STATEMENT OF ALLYN FORD AND JOSEPH H. GONYEA, III

Our names are Allyn Ford and Joseph H. Gonyea, III. Mr. Ford is President and Chief Executive Officer of Roseburg Forest Products Co. (RFP). RFP is an integrated manufacturer of a diverse line of lumber, plywood, composite panels, and engineered wood products, with plants in Oregon, California, and the Southeastern United States. RFP also has significant fee timberland ownership in Oregon and Northern California.

Mr. Gonyea is Chief Operating Officer and part-owner of Timber Products Company (TPC). He has been involved in executive management of TPC for over 20 years. TPC is a leader in diversified wood sales, manufacturing, and transportation. It is the second largest hardwood plywood manufacturer in the United States. TPC has plants in Oregon, California, Mississippi and Michigan. TPC, too, owns significant timberlands in Oregon and northern California.

Our companies are the two principal Shipper-Petitioners for alternative rail service in this proceeding.

Much of our testimony relates to shipments of veneer. However, as to RFP, in addition to veneer shipments, oversize logs were shipped by rail from Weed, CA to RFP's mills in Dillard and Riddle, OR. Those mills can accommodate large logs. While veneer has been shipped by truck after CORP effectively discontinued rail service over Siskiyou Summit, raw logs cannot be economically transported by truck. Consequently, RFP has essentially lost the economic value of bringing logs from northern California to its southern Oregon mills.

We have read the Supplemental Statement of Central Oregon & Pacific Railroad, Inc. In Response to Questions the Surface Transportation Board Raised, dated March 31, 2009. (Supp. Statement). In our opinion, CORP failed to respond to the most important question posed by the Board, which is why CORP is opposed to alternative rail service given that petitioners have diverted their traffic to truck transportation. (Supp. Statement at 7). We would like to briefly offer our thoughts on that important issue.

The traffic at issue is primarily veneer, a raw material in the manufacture of plywood and other wood products. The great majority of veneer is transported in bulk for distances of less than 250 miles from gathering facilities to manufacturing mills. Frequency and consistency of service are required.

As such, that traffic is truck competitive. Indeed, that traffic was transported by truck for many years. In 2000, we shifted that traffic to rail transportation at CORP's request primarily to increase CORP's revenues.

The transfer of the traffic to rail was a big success. CORP significantly increased its revenues; mills were operated more efficiently and economically; and numerous flat-bed trucks were taken off the crowded I-5 corridor.

Then in December, 2007, we received a letter from CORP stating in effect that it did not want to operate over Siskiyou Summit any longer. That mystified and disappointed us greatly. There had been no change in transportation circumstances regarding the traffic, i.e., traffic volume had not significantly declined and rail costs had not suddenly increased. The only change

had been acquisition of CORP's parent company, Rail America, by Fortress Investments, a financial services company focused on the short-term "bottom line".

Shortly after the date of that letter, our finished products traffic that had been transported from the mills south over Siskiyou Summit was rerouted north from the mills. However, the veneer traffic presented a problem for CORP because it was required to continue to move over the Summit to the mills.

CORP's solution was to slash rail service by 60 percent, from the required five days per week to two days, and, when applicable rate contracts expired shortly thereafter, CORP raised the rates to exorbitant levels. CORP subsequently reduced the rates somewhat to what it felt was a more legally defensible level (without having communicated that action to us), but the final rail rate level was still considerably higher than corresponding truck rates.

Not surprisingly, and no doubt as CORP intended, the veneer traffic had to be diverted to truck transportation. That traffic has been moving by truck for approximately the past year. Once again, flat-bed trucks are clogging I-5 and our mills are not operating efficiently and economically.

We feel strongly that this is a situation that should not be forced on us. Accordingly, after substantial time and effort, we located a rail carrier, West Texas and Lubbock Railway Company, that is willing and able to provide the frequency of rail service that is essential, at truck competitive rates. We have joined in a Petition for Alternative Rail Service to be provided by that rail carrier.

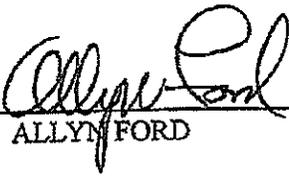
In light of the foregoing, we feel strongly that the answer to the Board's question is that although CORP has made it clear that it does not want to transport the involved traffic itself, CORP is opposed to alternative rail service because it does not want any other rail carrier to transport that traffic either. In our opinion, that negative stance is very much contrary to the public interest.

If the Board were to deny the petition for alternative rail service, CORP's de facto abandonment of the rail line would continue; the rails on the line would rust; trucks would snarl I-5 traffic; and our transportation and logistics costs would be unnecessarily inflated.

If the Board were to grant the petition, a willing and able rail carrier would be permitted to respond to a strong demand for rail transportation; the efficiency and economy of operation of our mills would be restored; and a multitude of flat-bed trucks would be taken off I-5.

In our opinion, the foregoing public interest factors strongly support a grant of the petition for alternative rail service.

Pursuant to 28 U.S.C. § 1746, we declare and verify under penalty of perjury under the laws of the United States of America that the foregoing statements are true and correct.



ALLYN FORD



JOSEPH H. GONYEA, III

CERTIFICATE OF SERVICE

I hereby certify that on April 9, 2009, I served the foregoing document, Petitioners'

Supplemental Statement, by e-mail and first-class, U.S. mail, on the following:

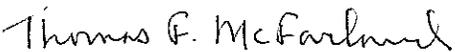
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