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March 3, 2004

VIA FACSIMILE AND FEDERAL EXPRESS

Mr Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

ENTERED
Office of Proceedings

MAR 04 2004

Part of
Public Record

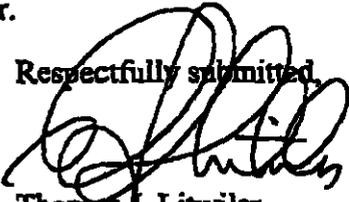
Re. **Finance Docket No. 34479**
Arkansas Midland Railroad Company, Inc. -- Emergency
Service Order -- Line of Delta Southern Railroad, Inc.

Dear Secretary Williams.

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Rebuttal of Arkansas Midland Railroad Company, Inc. in Support of Emergency Service Order, dated March 3, 2004.**

One extra copy of the Rebuttal and this letter also are enclosed I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope

Please feel free to contact me should any questions arise regarding this filing. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Litwiler
Attorney for Arkansas Midland
Railroad Company, Inc.

TJL.tj

Enclosures

cc: Parties on Certificate of Service
Mr. Melvin F Clemens, Jr., OCE

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO 34479

ARKANSAS MIDLAND RAILROAD COMPANY, INC
- EMERGENCY SERVICE ORDER -
LINE OF DELTA SOUTHERN RAILROAD, INC.

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REBUTTAL OF ARKANSAS MIDLAND
RAILROAD COMPANY, INC. IN SUPPORT OF
EMERGENCY SERVICE ORDER

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(312) 252-1500

ATTORNEYS FOR ARKANSAS MIDLAND
RAILROAD COMPANY, INC.

Dated. March 3, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34479

ARKANSAS MIDLAND RAILROAD COMPANY, INC.
-- EMERGENCY SERVICE ORDER --
LINE OF DELTA SOUTHERN RAILROAD, INC.

**REBUTTAL OF ARKANSAS MIDLAND
RAILROAD COMPANY, INC. IN SUPPORT OF
EMERGENCY SERVICE ORDER**

Pursuant to 49 C.F.R. § 1146 1(b)(3), Arkansas Midland Railroad Company, Inc. ("AKMD"), on behalf of itself and Potlatch Corporation ("Potlatch"), Fulghum Fibres Company ("Fulghum") and Warren & Sahne River Railroad Company ("W&SR"), hereby files this rebuttal in support of emergency alternative rail service by AKMD over a UP-owned line between Dermott and Warren, Arkansas (the "Warren Line") currently leased to Delta Southern Railroad, Inc ("DSRR").¹ DSRR does not seriously dispute that there has been a "substantial, measurable deterioration or other demonstrated inadequacy" in DSRR's rail service on the Warren Line in recent months. Indeed, the Warren Line has effectively been shutdown since early February. Instead, DSRR insists that it is or shortly will be "ready, willing and able" to resume operations on the Warren Line that would be adequate to meet the service needs of the shippers on that line.

¹ In its Petition for Emergency Service Order filed February 20, 2004, AKMD indicated its intention to file this rebuttal on Monday, March 1, 2004 if feasible. AKMD has instead filed on the due date provided in 49 C.F.R. § 1146 1(b)(3) in order to allow compilation and inclusion of the report of the most recent track inspection of the Warren Line, conducted by UP on Thursday, February 26, 2004. UP has today filed that report as part of its own rebuttal in this proceeding. The extra two days also provided DSRR with an additional opportunity to submit evidence that it has obtained cargo and equipment insurance for its rail operations – something which DSRR expected to know by last Friday, February 27th. DSRR Reply, Schillinger V S., ¶ 6. To our knowledge, DSSR has to date provided no such evidence to the Board or the other parties in this proceeding.

DSRR's Reply, however, provides no credible evidence to support that claim, and instead focuses at some length on DSRR's perceptions of who and what are to blame for DSRR's current failure or inability to provide adequate rail service on the Warren Line. Those perceptions are uniformly wrong, and irrelevant in any event under the criteria of 49 C F R. § 1146 – which is concerned with the restoration of adequate rail service rather than the allocation of blame. Adequate rail service is a receding memory on the Warren Line, and absent Board action under Section 1146 the Warren Line itself may become a memory as well. Attached as Exhibit A is a rebuttal letter from Potlatch and Fulghum, the major shippers on the line. They have now been joined by other shippers on the line urging the Board to address this critical situation as soon as possible. See letters of Exopack, Maxwell Hardwood Flooring and Bradley Lumber Company, attached hereto as Exhibits B, C and D, respectively. The Board should issue the requested emergency service order immediately.

DSRR is Unlikely to Restore Adequate Rail Service on the Warren Line Any Time Soon, If Ever

Insurance

DSRR has been without cargo and equipment insurance for its rail operations for over six weeks, and despite a literally worldwide effort has been unable to locate any insurance carrier willing to underwrite such coverage for DSRR given its claims history and chaotic operational status. DSRR's insurance witness indicated that he expected to have a response to a proposal to a domestic insurer by last Friday, February 27, 2004, and that "I am reasonably hopeful. Should we be successful, I will furnish appropriate documentation." DSRR Reply, Schillinger V S , ¶ 6. No such documentation has been provided by the witness or DSRR, which we take to mean that the proposal was rejected. Mr. Schillinger's statement does not indicate that there are any other potential insurance sources that DSRR can pursue in the near term. And as UP points out,

DSRR's own last-ditch proposal would have had a deductible six times higher than DSRR's prior deductible – another source of concern given DSRR's apparent financial problems and the constant cycle of DSRR derailments, equipment and lading damage, and resultant shipper claims on the Warren Line. UP Rebuttal, Tab C, Whalen V.S. at 2.²

DSRR, of course, may some day be able to obtain some form of cargo and equipment insurance at some price from some source. Under any normal industry benchmark, however, the simple fact of this case is that DSRR does not have standard railroad insurance and is unlikely to be able to get it. For what we think are obvious reasons, the Board should be wary of declaring an uninsurable rail carrier to be the best that shippers on the Warren Line can expect or the most that the Board is willing to offer under the emergency service relief provisions of 49 C.F.R. § 1146.

Track Condition

It is no doubt clear to the Board, as it is to all of the parties, that DSRR's inability or unwillingness to provide any meaningful rail service on the Warren Line arises in large part from the deplorable condition of the track on the line and the completely ineffectual nature of the track repairs (if any) undertaken by DSRR. Along with insurance, track maintenance and repair may thus be the most critical component in deciding whether DSRR is likely ever to restore adequate rail service on the Warren Line. Yet despite the centrality of that issue to this proceeding and the otherwise voluminous nature of DSRR's Reply, the totality of DSRR's representations on the subject is the following:

DSR has undertaken a major track program costing about \$90,000 to restore the Line to FRA class 1 condition. This program is about two-thirds complete. Once the rehabilitation program is finished, as

² As Ms Whalen's statement also makes clear, UP actively assisted DSRR in pursuing potential solutions to DSRR's insurance problem. UP, however, had no more luck than DSRR.

it will be before mid March, 2004, DSR should be able to provide reliable service

DSRR Reply, Wamwright V S at 3 The absence of any description or detail of the "major track" work actually being done implies that there is less to these cursory statements than meets the eye. Unfortunately, the actual facts confirm just that concern.

UP is filing today as part of its rebuttal a copy of the most recent track inspection of the Warren Line, completed just last Thursday, February 26th and involving an all-day physical review of the entire line UP Rebuttal, Tab B, Ghazai R.V S. It reports that no on-going track maintenance or repair work was occurring on the line at that time, and that no substantial prior repairs were in evidence. The track does not comply with FRA Class 1 track standards in several broad categories at many locations. Numerous situations -- such as reverse super-elevation in a curve -- were described by UP's engineer as "derailments waiting to happen." Derailed and temporarily abandoned railcars literally litter the right-of-way What little maintenance-of-way equipment there is on the line is partially dismantled or non-operational. The few things that DSRR has apparently managed to do were incomplete and ineffective -- like ballast simply dumped on the tracks with no surfacing or aligning.

The photographs attached to the UP inspection report demonstrate most dramatically the state of DSRR's readiness to provide safe and adequate rail service over the Warren Line. It simply strains credulity for DSRR to assert that the line reflected in the UP inspection report is two-thirds of the way through a "major track program" that will restore the line to Class 1 upon completion of the program in less than two weeks Whatever DSRR may be doing on the Warren Line, it is plainly inadequate to allow the resumption of any meaningful and safe rail service on the line.

None of this is surprising, given DSRR's persistent inability or unwillingness to perform any effective repairs or maintenance on the Warren Line sufficient to stem the tide of derailments over the past several months. DSRR belatedly and conveniently blames those derailments and the deplorable condition of its tracks on Potlatch and Fulghum, claiming that overloaded center-beam flat cars and hopper cars from those shippers are causing the problems. As discussed in UP's rebuttal and in the attached March 2, 2004 letter of Potlatch, such claims are nonsense. Potlatch has actual weights for the hopper cars and UP has actual weights for the center-beam flat cars which conclusively demonstrate the absence of any overloading problem. Moreover, as AKMD's Vice President and General Manager Charles Laggan explains in his attached verified statement ("Laggan V.S."), AKMD today handles center-beam flatcars of lumber and woodchip cars over its similar lines in Arkansas without problems, and will be able to do so on the Warren Line as well. Laggan V.S. at 3-4. The condition of the Warren Line is the result of DSRR's actions and inactions -- not anyone else's.

This is demonstrated perhaps most clearly in the February 12, 2004 FRA track inspection report for the Warren Line, submitted with AKMD's letter filing of February 23, 2004. Among a wide variety of other defects, that report recommended formal violations and civil penalties against DSRR for a series of locations with "rail joints that have no bolt holes drilled into one rail end." Those violations are as strange and egregious as they sound: DSRR had installed rail "joints" onto rail ends that had no bolt holes and thus, by definition, no bolts to hold the joint and rail end together. DSRR repeated this serious safety violation twenty (20) times on just the half of the Warren Line covered by the FRA inspection, and allowed the joints to "remain in service for an extended period of time after these joints were created" -- resulting in significant repercussions from the FRA. The point here is that overloaded or misloaded rail cars do not cause bolt holes in

rail to disappear. Neither do any of the other external factors that DSRR would like to blame for its problems. The cause instead was DSRR's dramatically inadequate and non-compliant track maintenance procedures and standards. There is no evidence that those have changed, or that DSRR can or would perform the basic maintenance fundamentals necessary to keep the Warren Line operational and viable.

DSRR Operations

DSRR claims that it is "ready, willing and able" to provide rail service on the Warren Line if only shippers would tender traffic to it. Yet Potlatch has nine loaded cars of woodchips tendered to DSRR on January 29, 2004 that continue to sit on DSRR's track. Two other loaded railcars shipped three and four months ago by Potlatch remain in sidings elsewhere along the DSRR. See Potlatch rebuttal letter at 2. Maxwell Hardwood Flooring, a shipper on the Warren Line at Monticello, Arkansas, loaded a boxcar of flooring on February 6, 2004 and tendered it to DSRR for movement. After DSRR failed to move the car for seventeen days, Maxwell was forced to unload the boxcar and truck the lading to destination at a higher cost. As of the date of Maxwell's attached letter, the empty boxcar remained at its facility. Exopack, another shipper at Monticello, has advised AKMD that late on Friday, February 27, 2004, DSRR delivered four loaded railcars to it.³ Those inbound cars had been sitting at DSRR's McGehee, Arkansas yard awaiting delivery to Exopack for 2-3 weeks. Laggan V.S. at 5.

DSRR has not embargoed the Warren Line, and it is unclear by what right it believes it can simply elect not to serve any of the shippers on the Warren Line -- which is what it

³ It is unclear why DSRR did not discuss or disclose this movement in its reply filing, which was made on the same day. To our knowledge, DSRR had conducted no operations on the Warren Line since early February, and its reply seemed to indicate that operations would not resume until the "major track work" was done. Whether this unannounced, late-night movement was intended simply to improve its position in this proceeding is not clear.

has done for the past month. DSRR has embargoed another of its rail lines in Arkansas, and UP has indicated that DSRR does not believe it will be able to reopen that line until September. UP Rebuttal, Tab A, Wilson V S at 2. Obviously DSRR resources expended on the Warren Line are resources diverted from the embargoed line -- for which, AKMD understands, no alternative third-party service arrangements have been proposed. DSRR's reply makes no mention of this other troubled DSRR line, and does not explain how DSRR intends to deal effectively with two service crises of its own making at the same time. Its blithe assertion that it is "ready, willing and able" to provide all necessary and appropriate rail service on the Warren Line has no support and no credibility.

Discussions with DSRR

DSRR asserts that emergency service relief must be denied here because, contrary to the consultation requirements of 49 C.F.R. § 1146.1(b)(1)(ii):

[T]he first time Potlatch expressed any serious concerns directly to DSR about the quality of its service was on a conference call which took place at the office of our Washington attorney around February 11 or 12.

DSRR Reply, Wainright V S. at 7. Of the arguments in DSRR's reply, this one is easily the most absurd. See UP Rebuttal, Tab A, Wilson V.S. at 2; Potlatch rebuttal letter at 1. Potlatch, Fulghum, UP and DSRR had a formal meeting last September to discuss DSRR's service problems and develop potential (and ultimately unsuccessful) solutions. W&SR's Bubba York kept a running, detailed log of DSRR service problems extending as far back as February, 2003. As that log (attached to the Potlatch rebuttal letter, Exhibit A hereto) indicates, Mr. York was in continual touch with DSRR personnel regarding DSRR service problems, and the extent and urgency of those problems increased steadily through the end of 2003 and into 2004. The various Potlatch e-mail correspondence provided with AKMD's petition similarly demonstrates the direct and serious

communications occurring between Potlatch and DSRR with respect to rail service on the Warren Line

In one of those e-mails, dated January 15, 2004, Bubba York of W&SR wrote to DSRR's Donna Harris:

Is the derailment from this week still holding up your line from switching the Warren Plant? We need some answers. There are approximately 60 cars waiting to be pulled, and it's very critical these get moved now. I have lumber cars that were shipped out of the mill on January 2nd, that are still on your line and have not been interchanged with the UP. I've tried to get a hold of Bill Wainright but he has not returned my calls. Please have Bill call me immediately @509-323-7967. We will have to resort to trucking material to our customers, plus discounting their lumber which is sitting on railcars not moving, this is an added cost that we will pass on to you for the delays in service.

AKMD Petition at 25.⁴ If, as Mr. Wainright now claims, DSRR did not consider this and everything that came before it to be an expression of "serious concerns direct[ed] to DSR about the quality of its service," DSRR Reply, Wainright V.S. at 7, the Board may have the best picture yet of the futility and frustration of pursuing DSRR for adequate rail service on the Warren Line. In any event, DSRR has no conceivable basis to argue that it was "out of the loop" on the severe deterioration and later complete collapse of DSRR's service.

Conclusion

DSRR misconstrues the inherent problem with the Warren Line to be the traffic, the shippers, the rail, the soil, the cars, the rates. Unfortunately, the inherent problem with the Warren Line is DSRR. It has simply proven unable to satisfy the basic requirements for operating and

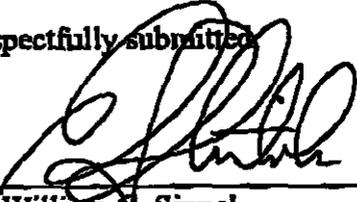
⁴ Remarkably, DSRR attaches this identical e-mail to its reply as well. How it could itself proffer that document to the Board and simultaneously insist that it had no inkling of serious service problems with Potlatch until February is difficult to understand.

maintaining the line and providing adequate service to shippers. AKMD can and will do much better.

DSRR correctly notes that the Board has not previously granted emergency relief in a contested matter under 49 C.F.R. § 1146. DSRR Reply at 6-8. The time has now come to do so. A 40-mile line with 6,000 carloads of traffic annually has been functionally shut down for a month, and could very well die completely in the absence of Board relief here. Indeed, if this is not a case in which the Board's important and widely-supported emergency service relief regulations can be applied, it is difficult to see what continuing vitality and meaning those regulations would have.

WHEREFORE, AKMD respectfully requests that the Board issue the emergency service order sought herein by AKMD pursuant to 49 U.S.C. § 11123 and 49 C.F.R. § 1146.

Respectfully submitted,

By: 

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**ATTORNEYS FOR ARKANSAS MIDLAND
RAILROAD COMPANY, INC.**

Dated: March 3, 2004



Potlatch Corporation
805 Mill Road
P.O. Box 1016
Lewiston, ID 83501
208-799-0123

March 2, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W , Room 700
Washington, DC 20006

Re. **Finance Docket No. 34479**
Arkansas Midland Railroad Company, Inc. -- Emergency
Service Order -- Line of Delta Southern Railroad, Inc.

Dear Secretary Williams:

My name is David A. Weisel. I am Director of Distribution for Potlatch Corporation ("Potlatch"). I previously submitted a letter to the Board in support of the Arkansas Midland Railroad's Petition for an Emergency Service Order to provide rail service on the Dermott-Warren Arkansas line ("Warren Branch") owned by Union Pacific and leased to the Delta Southern Railroad ("DSR"). I have reviewed DSR's February 27, 2004 reply opposing Arkansas Midland's petition. I feel compelled to respond to certain incomplete or misleading statements made by DSR therein.

Mr. Wainright, DSR's President, states that the first time that Potlatch "expressed any serious concerns directly to DSR about the quality of its service" was on a conference call around February 11 or 12, 2004. That is simply not true. Potlatch's substantial and continuing complaints to DSR regarding poor DSR service extend as far back as February of 2003. Attached is a log kept by Bubba York, Manager of Rail for the Warren and Saline River Railroad. As can be seen from the log (and from the correspondence attached to my original letter), DSR's service problems go back more than a year and over that time Potlatch had numerous communications with DSR about its service problems. Potlatch also had numerous discussions with UP about DSR's poor service during this period, and I believe UP passed those complaints on to DSR. In fact, Potlatch had a face-to-face meeting with DSR and UP on September 17, 2003 in Warren, Arkansas which included a discussion of DSR's service problems. Mr. Wainright of DSR attended the meeting. Following the meeting, Potlatch concluded that it was not likely that DSR would be able to solve its service problems. Although the parties agreed to hold periodic conference calls thereafter to discuss issues and problems, Potlatch eventually gave up on the calls, because they were not effective in remedying the problems. DSR has known about Potlatch's dissatisfaction with DSR's service for some time

I also note DSR's attempt in its reply to explain away its failure to provide any service to Potlatch and Fulghum since February 2, 2004 by blaming Potlatch for deciding in early February that we would no longer ship via DSR. Our decision to stop

shipping via DSR was not based solely on DSR's lack of cargo insurance. Before we stopped shipping via DSR, in addition to unpredictable service and erratic delivery and pulling of cars, we had some loaded cars that were picked up but never delivered. For example, on January 29, 2004, we loaded and shipped nine cars of wood chips for Cypress Bend, Arkansas. Those cars are currently sitting on DSR's mainline and have never been delivered. We also have a car of wood chips shipped on October 26, 2003 and one shipped on December 3, 2003 that are currently sitting on sidings along the DSR. We haven't been told why they're there. It is likely that the wood chips in these cars no longer have any value I do not understand how DSR can claim that it is ready, willing and able to provide service when there are cars out there that haven't been moved.

When we learned in late January that DSR had lost its cargo insurance, that was simply the last straw for Potlatch. DSR's persistent lack of insurance is not an insignificant issue for Potlatch. The value of the lumber and wood chips shipped by Potlatch and its contractor Fulghum each year is approximately \$32,000,000. Over the past year, we have experienced significant loss and damage to our commodities as a result of DSR handling. Although DSR has paid some of our claims, as of the date of this letter, more than \$61,993 in loss and damage claims to DSR remain unpaid. It is Potlatch's corporate policy that we will not turn over custody of our products to a carrier - especially one with as few resources and as small as DSR -- that lacks adequate insurance to cover any loss or damage to our commodities. Potlatch is simply and quite reasonably unwilling to assume that risk. Moreover, payment of loss and damage claims does not begin to compensate us for lost business opportunities and harm to customer goodwill from destroyed or delayed shipments. Nowhere in DSR's Reply does it say that they have been able to obtain cargo insurance.

I also want to respond to DSR's unproven assertion that Potlatch loads 286,000- pound capacity cars to their maximum load limit or otherwise "overloads" cars of lumber and wood chips. First, with respect to the wood chip cars, Potlatch and Fulghum are loading the cars according to industry standards and other than an occasional car, they do not exceed 263,000 pounds gross weight. We know that because all wood chip cars are weighed by Potlatch at Cypress Bend before they are unloaded to determine the invoice price for the chips. Attached are spreadsheets for cars of wood chips weighed at Cypress Bend. The softwood cars are chips from Potlatch and the hardwood cars are chips from Fulghum. As can be seen, only a couple of cars out of all of them exceeded 263,000 pounds gross weight and those cars only modestly exceeded that weight.

With respect to center-beam flat cars of lumber, very few cars below 286,000-pound capacity are available. But, using a car that has a maximum gross weight limit of 286,000 pounds does not mean that we load it to a maximum gross weight of 286,000 pounds. The lumber that we load is Arkansas pine, a lighter density wood than many other kinds of lumber. Fully loaded with Arkansas pine, the weight of these 286,000-pound capacity cars with lading is consistently below 263,000 pounds. Based on cars weighed by UP, we know the approximate weight of a full load of Arkansas pine. Although wet lumber might cause a slightly higher weight, such circumstances would be exceptional and even then would only modestly exceed 263,000 pounds. Although DSR's reply implies that overloaded cars are pervasive, DSR provides no evidence to support its claim. Indeed, Potlatch's own data and UP's letter to the STB of February 20, 2004 indicate that very few cars are loaded above 263,000 pounds gross weight and the few exceptions are only modestly above that weight.

With respect to DSR's claim that some of Potlatch's or Fulghum's wood chip cars were loaded with a "crown" of chips above the car sides or were somehow loaded unevenly, we are aware that other railroads handle wood chip cars with a "crown" of chips without problems. The pertinent measure is the gross weight of the car. In any event, DSR never raised this as an issue until January of this year. We have since made modifications to our loading system that assures that the cars are loaded evenly.

For these reasons and the reasons stated in my previous letter, Potlatch and Fulghum believe there is no reasonable likelihood that DSR will be able to provide adequate rail service to meet Potlatch's needs within a reasonable period of time. Potlatch strongly supports Arkansas Midland's petition for authority to provide emergency rail service over the Warren Branch. To the extent necessary or helpful to obtain relief, Potlatch specifically joins in Arkansas Midland's Petition for an Emergency Service Order

I verify under penalty of perjury under the laws of the United States that the facts stated in this letter and in my previous letter to the Board (attached to Arkansas Midland's Petition) are true and correct. Further, I certify that I am qualified and authorized to file this letter and my previous letter with the Board.

Respectfully submitted,



David A. Weisel
Director of Distribution

DAW

cc: Mr. Thomas York
WSR Rail Manager

Mr Rick Warner
Plant Manager, Warren, Arkansas

Mr John Gray
VP, Union Pacific

Mr Charles Laggan
VP, General Manager, Arkansas Midland Railroad

Mr. Charles Safelo
Fulghum Fibres

Delta Southern Service Issues

- 2/3/03** – Didn't pull loads over weekend, said they were working on track; Went to Lake Village Saturday, didn't see anything being done between Warren & Dermott; WSR didn't work today due to loads in the way
- 2/10/03** – DS had problem at Dermott Thursday(2/6), loads there Saturday(2/8), crews with ties working just west of Dermott; Ben talked with Bill this morning, Bill asked if it was possible to get Hulcher to come there when they finish here No empties in town, DS said they would bring some tonite
- 2/11/03** – Pulled loads last nite, no empties; Called Steve of DS at 7:50 am, said they he would call Jack when he knew when they were able to bring empties
- 2/13/03** – Didn't make it to town nite of 2/11, came in morning of 2/12 at 7 am, in way until 9 am; Problem with guags on 609 caused WSR to derail
- 2/17/03** – Didn't pull loads over weekend
- 2/24/03** – DS called at 9:20 am, didn't want us to pull anything off 609, already had pulled 8 empty hoppers
- 2/28/03** – DS derailed behind used car lot on west side of Monticello
- 3/4/03** – Found out about 2/28 derailment this morning, hopper, box, and 2 centerbeams, Hulcher there, all cars on their sides
- 3/5/03** – Kenneth McDougald called about whose cars were involved; Jack called DS after getting off our train, DS would call him back and let him know whose; DS called at 2 pm, Cathy told Jack to hold on, she would get Bill; Bill came on, told Jack that everyone who needed to know had been informed, wouldn't give him car numbers involved
- 3/6/03** – Pulled loads at 6:15 am, only 4 empty hoppers, left Fulgham full run; Jack called DS at 11:15 am, couldn't tell him whether would have any for us tonite or not, wouldn't tell Jack how many they gave Fulgham
- 3/7/03** – Didn't bring anything last nite, only have 3 hoppers in mill
- 3/21/03** – Didn't pull loads last nite, no empties
- 3/24/03** – Cathy of DS called at 9:10 am, said we didn't need to pull more than 7 hoppers off 609, have already pulled 12 and spotted
- 3/31/03** – Didn't pull loads over weekend
- 4/1/03** – Didn't pull loads last nite, all loads from Friday here also

- 4/4/03 – Didn't bring any hoppers; 7 loaded centerbeams on Masonite, traced one, loaded out last Friday(3/28)
- 4/11/03 – Only rcvd 4 empties last nite; Total rcvd this week(4/7-4/11): 16 on 4/8, 8 on 4/10
- 4/14/03 – Didn't pull loads over weekend; DS told Jack "we didn't have a crew to work"; Southern ran 2 shifts over weekend, will be out of hoppers today
- 4/16/03 – Didn't pull loads last nite, no empties; Mike McGaha said he was going to Lake Village yesterday, DS blocking crossing at Collins, chip car turned over
- 4/17/03 - Cathy told Jack 4/16/03 that reason DS didn't run 4/15 was all crews in office at a meeting, "they were tired"; DS came in at 9 am to move loads
- 4/21/03 – Didn't pull loads over weekend; Cathy said "had too many loads to pull yours"
- 4/25/03 – Pulled loads last nite, supposed to be here this morning with empties
- 4/28/03 -- Invoice for between \$5500 & \$6000 to repair chip car at Southern
- 4/29/03 -- Called Donna at 10:25 am, she will fax me copy of items to repair; She said that sides of car were in disrepair, not just brake linkages;(Don't know how she knows that) (Haven't contacted me about car to this day: 2/18/04)
- 4/30/03 – Didn't bring any empties last nite; Will be out today
- 5/1/03 – Didn't pull loads last nite, came in around 9 am; Cathy called at 8:43 am, left message not to pull MP 592122 & MP 592756, they are B/O; Have already pulled, will have to bring back down tomorrow
- 5/2/03 – No empties last nite
- 5/6/03 – Didn't pull loads last nite, pulled at 9 am this morning
- 5/20/03 – Pulled loads last nite, all still in town, big group of empty hoppers on east side of town, can't get to them because of loads in way
- 5/21/03 – 14 empty hoppers ahead of 8 centerbeams, empty box, 10 more centerbeams; Took 2.5 hrs to switch out, due limited room on mainline
- 5/28/03 – Didn't pull loads last nite
- 6/13/03 – K McDougald upset about "DS lying", looking at other alternatives

- 6/18/03 – K McDougald called at 1:45 pm, said he had talked with Wainwright about boxcar going to Montoe; Bill told him that “WSR admitted misrouting car”; Kenneth told him he had copy of B/L, everything correct; Bill asked where he got copy, Kenneth told him we send him one, Bill replied “You can call Jack, He admitted they screwed it up”; When Kenneth didn't give in, Bill told Kenneth he must have gotten a corrected copy; Gary Johnson got Wainwright on phone with Kenneth listening quietly and asked about payment for lost loading; “we don't have to pay them for 6 months according to rules”; Gary assured Kenneth they were going to correct problem
- 6/19/03 – CRLE 20726, involved in DS derailment 2/28 came in with no cables at all on it
- 6/20/03 – Didn't pull loads last nite
- 6/24/03 – 4 centerbeams supposed to be here last nite, Cathy said, at 9:25 am, that they couldn't get in yard because “UP had track problems”
- 6/30/03 – Didn't bring any hoppers over weekend, said that rollover dump broken; Sawmill loaded 2 shifts over weekend
- 7/7/03 – Didn't pull loads over weekend, no empty hoppers, sawmill out
- 7/8/03 – Didn't bring hoppers last nite; UP wouldn't let them in yard till late Monday, hoglawed in Monticello
- 7/9/03 – Brought 15 hoppers, sawmill out since 7/7
- 7/11/03 – Shelia called about \$69,000 owed to Potlatch, could I help; She said lady in DS office said Bill was in, came back and said that Bill had stepped out
- 7/28/03 – Didn't pull loads over weekend, having to shuffle loads to get to mill; Jack reported that Tammy of DS said that didn't have enough cars to pull
- 8/12/03 – Didn't pull loads last nite
- 8/26/03 – Didn't bring any hoppers last nite; Tammy said that “schedule is messed up”
- 9/15/03 – Didn't pull loads over weekend; Tammy at 7:50 am said “train crew didn't have orders to pick up loads”; Jack had called Tammy around 4 pm Friday, then called Cathy around 5:15 pm, but she didn't tell crew what we had; No hoppers over weekend either; 5 centerbeams and 1 box in McGehee since 9/11
- 9/18/03 – 14 centerbeams, 2 boxes in McGehee yard; Tammy at 12:45 pm, asked why we didn't get but 2, she said “we couldn't get them out of yard”;

- 9/18/03(cont) – 2 there at 6:15 am 9/17, 1 at 7:15 am 9/11 1 at 4:42 am 9/14, 2 boxes at 7 am 9/18, 3 at 11:09 am 9/16, 4 at 6:13 pm 9/16, 3 at 7 am 9/18; both we rcvd last nite arrived McGehee 12:01 am 9/15
- 9/23/03 – Didn't pull loads last nite(first problem since conference); Called Donna at 8:48 am. "We didn't work Fulgham yesterday, we called and asked you not to pull any empties off 609 because we didn't have any for Fulgham. There are no empty chip cars in McGehee, UP left 34 loaded cars in McGehee yesterday. I called the dump and they said it wasn't working right, but Mike Bass sent me An email that said they don't normally unload that many over the weekend. I Can't get a straight answer from anyone. I don't know if we'll be pulling you Today, either, if we don't have any empties come in today."; Jack came in Around 9:20 am, said that we didn't get any message from DS yesterday, I Know there haven't been any today, only message was while we were out to Lunch, already finished switching by that time
- 9/25/03 – Didn't pull loads last nite, DS didn't run; Called Donna at 9:55 am, "We couldn't get back to you. We had a bunch of cars. The dump finally started unloading some cars, we will get to you tonite, I have talked to Sue, she knew we had too many loads and wants us to send back the two NOKL cars that ya'll rejected cause they were too small. It's funny how when something doesn't go like it should, it backs everything up."
- 10/1/03 – 4 loaded centerbeams on mainline
- 10/13/03 – Rcvd 7 hoppers Friday, have total of 3 for today
- 10/14/03 – Didn't bring hoppers, OUT; Called Donna at 8:30 am, "I don't know. You don't have any? Let me put you on hold and find out. We didn't have enough, we only pulled 27, they all went to Fulgham. I sent you an email, the papermill was having an outage, wasn't supposed to hinder unloading, but it did. They have several empties out there, we'll get you some tomorrow."
- 10/15/03 – Didn't bring hoppers, OUT; Jack reported that he saw empty hoppers at Monticello yesterday; Called Donna at 11 am, left message; Called her back At 1:40 pm, "I told you yesterday we weren't going to have any chips. We Didn't get any out of McGehee, but we're bringing some tonite, but there're All going to Fulgham."
- 10/16/03 – Didn't bring hoppers last nite
- 10/17/03 – Didn't bring hoppers last nite; Called Donna at 10:33 am, "I don't know, Bubba. We still only have 28 in the yard. UP train #73 didn't make it back in The yard yesterday." Asked her why Fulgham was getting all the cars: "Fulgham has to have 16 per day."; "Someone will be in this office from 8 to 5 Saturday and Sunday. I don't know what to tell you, Bubba." Asked about

10/17/03(cont) – running extra trains, “We have been, the problem is that they’re not getting anything back.”

10/20/03 – Didn’t bring hoppers over weekend, didn’t pull loads; Jack talked to Tammy at 8:18 am, “They were going the wrong way. Donna already explained it to Bubba.” I haven’t talked to anyone from the DS today; Kenneth concerned About hoppers, no way to reclaim, also was told 10/2 to expect payment for Lost car in near future, cannot get Donna or Bill to call him back; Called Donna at 1:20 pm, left message with Tammy to have her call me about empty Hoppers, hasn’t called back by 2:20 pm, called her back at 3:10 pm, asked How many, “I don’t know, hold on just a second. You’re getting 13. As long As they keep unloading at the rate they are, we should be able to fill your Order this week.”

10/22/03 – Didn’t bring hoppers last nite

10/28/03 – Didn’t pull loads last nite; Switch on 609 in disrepair; Called Donna at 11:18 am about not pulling loads, “My train crew didn’t pull your loads last nite, did they? I don’t have a clue why, I haven’t had a chance to ask them.” Informed her of switch problem, she was to send someone

10/29/03 – Didn’t bring hoppers last nite

10/30/03 – Didn’t bring hoppers last nite

10/31/03 – Didn’t bring hoppers nor pull loads last nite; Called Donna at 9 am, left message that we couldn’t get to the mill and have no empties

11/18/03 – Didn’t bring hoppers last nite

12/4/03 – Emailed about no service since 11/26/03

12/8/03 – DS called at 7:40 am, don’t want us to pull any hoppers; Jack said only 2 there

12/9/03 – Didn’t bring hoppers last nite

12/11/03 – Didn’t pull loads last nite, showed up at 10 am today

12/15/03 – Didn’t run over weekend, no hoppers

12/16/03 – Didn’t pull loads last nite, OUT

12/18/03 – Returned Donna’s email about service/car supply

12/19/03 – Didn’t bring hoppers last nite

12/22/03 -- Loads left from last week on mainline

12/23/03 -- Didn't bring hoppers last nite; Called Donna at 8:35 am, "You need to talk to your mill, they're not releasing any cars, we only got 14 into McGehee last night."; Called Mike Bass at 8:37 am, he faxed me list of what had been released the last 7 days; Sawmill out; Jack reported that he talked to Tammy, she said that Cathy didn't give her message about how many we needed; Called Donna at 1:25 pm, "Tammy, did you ever find out how many chips were going to WSR? You're going to get 5. We're only getting 15, the other 10 has to go to Fulgham. The UP isn't working Wednesday or Thursday, we are going to run again Friday. You know that I'm running a train every day now, right?"; Told her they weren't pulling loads; "Sometimes we have too many to back up to you." Told her I was talking about loads on mainline; "I'm burning two crews a day, running loads all the way into McGehee, every day."; I asked her about loads on mainline, she said "We're pulling loads every day all the way to McGehee."; Told her that some loads were pulled out of here 12/16 she said "We're working Friday, there won't be any empties, but we'll run some to you Saturday. I'll be here all day Friday, if you need anything, please call me."

12/26/03 -- Donna left message on machine 12/24 that they wouldn't be leaving cars on 609(called at 2:25 pm); Called Donna at 9:15 am, asked why we didn't get those 5 cars, she said "I think we couldn't get back up there, had too many loads blocking us." Asked when we would get some, she said "I'll call you back in just a little bit." Called her back at 1:30 pm, "We were gonna send you 16 to 21 cars today, but I can't get a sole at the UP, so I'm only going to send you 5, I've got to protect myself for Monday at the chip mill. I'm going to run tomorrow, I've got 12 lumber cars for you, also. Those 5 will be there between 3 and 4 this afternoon."

12/27/03 -- Went by 609 at 8:45 am, lumber cars on front of track, loaded hoppers on mainline, can't switch the 5 hoppers due to being blocked by loads; Called Kenneth at 9:15 am, told me they were through with shipping

12/30/03 -- Didn't bring hoppers last nite

12/31/03 -- Didn't bring hoppers last nite; Jack talked with Tammy, said they only had 1 car in the yard; Ben said there were 38 released this morning

- 1/2/04 – Rcvd 2 hoppers last nite; 9 loads, 50 mties in Cypress Bend, 3 loads in McGehee, 73 loads in Monticello, 15 loads in Warren, not counting Fulgham Loads
- 1/5/04 – Rcvd 7 hoppers over weekend; Called Donna at 2:08 pm, “I will have to see what we have, but if they were at McGehee, I’m sure they will be on the train. How do you think the conference call went? Why didn’t you let me know that the Bradley business left us?” Tammy had told Jack they weren’t coming to switch us tonite;
- 1/6/04 – Didn’t bring any last nite; Loads on 609, along with loads pulled off us; Called Donna at 2:15(busy), again at 2:52 pm, “She’s figuring out what we’re gonna Have for you, but it’ll be tomorrow before you get it. We’re still trying to get the Loads out of there today, if you’ll call me tomorrow, I can tell you exactly what You’re going to get. I know I have 10 lumber cars for you. She’s working on How many chips we can let you have now, call me about 9 in the morning, if That’s OK.”
- 1/7/04 – Didn’t run last nite, loads on 609 and main; Called Donna at 8:50 am, she asked Tammy, “What do we have going to WSR?” She came back on-line with me, “I don’t know yet, but we will have some chips for you.” She asked Tammy, “We haven’t called a crew yet, have we? Around 5 or 6?” Came back on-line with me, “Around 4 this afternoon.” Donna called here at 10:15 am, “Would you do me a favor? Can you see how many chips and lumber you shipped in 1997, 1998, and 1999?” Rcvd email from Gary stating that Donna said she had a crew called for that job, is bringing 13 hoppers and 10 centerbeams before 4 pm; At 4:57 pm, DS had empty hoppers cut off east of East Bypass, loads on 609, main, and WSR interchange, nothing empty on 609
- 1/8/04 – Didn’t pull loads out of town
- 1/9/04 – Rcvd 5 centerbeams, no hoppers; Loads on main and 609
- 1/12/04 – Rcvd 5 centerbeams, no hoppers; OUT; Gary called at 10:55 am, got Donna on phone also, asked “Donna, what’s the deal with this 609? Is that a staging area? Donna answered, “Yeah, we should have it cleaned out today.” Gary asked About the 4 cars on Masonite, were they B/O, she said “I think they are B/O.” Gary asked about empty hoppers, she replied “We’re working on that now, Gary.” When he asked why DS only pulling 3 lumber cars per train, “I don’t Make enough to haul all those lumber cars. I’m not carrying any more than 3 lumbers per trip.” Discussion about cost of insurance and track. “It’s not the track, Bubba, it’s the cost of insurance. If I lose one car, I’ve lost more money than I’ll make all year.” Gary asked how she arrived at a number of 3 per train, “It’s just the, uh, tonnags, and uh how the train handles with them.” More dis-cussion about service and lost business; Donna, “You get me more money, and we’ll get you the service.” Gary related that his group was aware of the

1/12/04(cont)

service issues, wouldn't budge discussing more money with service as is, Donna continued about how if they had more money, we would see more service, even to the point of saying "Bubba, do you realize, you get more money for pulling lumber, and chips for that matter, the distance you do, and we have to pull them a lot farther." Gary said, "So, if we get you more money, and there's cars there, you're gonna get them?" Donna responded, "It's gotta be more than \$50, Gary. We can't do it for \$50." Gary told her with service as is, no sale, but if service were to pick up, it might be possible; Donna said "If we get a substantial increase, we're willing to do whatever it takes."

1/13/04 – DS derailment last nite, no hoppers, OUT; Donna emailed that had minor problem, would be back in service shortly; Donna called at 9:10 am, called her back at 10:25 am, "Guess you know you didn't get anything? We worked all nite to get them up, working on track today." Still couldn't tell me what I had coming; Asked me, "Since you're loading more lumber, why aren't you loading more chips?" Answered her own question, "Guess you would if you had cars, huh?"

1/14/04 – Didn't run last nite

1/15/04 – Didn't run last nite; DS hasn't let anyone know anything; Donna called my cell at 3:15 pm(had called and left message that we needed to know something) "I tried to find your number." Told her I left it on her voice mail, "That may be where I wrote it down from. We've got you 20 chips tonite. We'll bring the rest of the lumbers tomorrow nite."

1/16/04 – 4:30 am, DS had Myrtle, next street east of Myrtle, and Bradley Streets blocked with loads; Flagged a policewoman at Bradley Flooring, she said they have been there since about 3:30 am, she know for sure; Train began moving as we were talking; At 7 am, all loads were on mainline beside track 609; Called Donna at 10:55 am asking about lumber cars, "We're gonna try and get them to you tonite. We're running 2 loaded trains to McGehee today to try and clear out the loads to the UP." 25 centerbeams in McGehee(empty)

1/19/04 – Loads on 609, mainline, and Monticello; Called Donna at 11:55 am, asked why loads weren't moving, "We've got one train headed out now, have a second one schedule for later today. We ran one out Saturday and one out yesterday, also." Asked when I could expect more lumber, "Let me talk with Bill, and I'll get back with you. Do you have your cell phone with you?"

1/20/04 – Didn't run last nite; NO INSURANCE; loads here and Monticello

1/21/04 – No insurance

1/22/04 – No insurance

1/23/04 – DS pulled loads at 7 am; Went to Dermott, found Hulcher crew west of Collins 3 hoppers rolled off; Donna called at 3:03 pm, said we would be getting hoppers tonite, never mentioned derailment; I know that Hulcher won't be finished early enough for that to happen

1/26/04 – DS didn't run until 1/25, loads still here and Monticello; rcvd 10 hoppers;

1/27/04 – DS didn't pull anything out of Warren or Monticello, no empty hoppers

1/28/04 – Didn't bring anything

1/29/04 – DS didn't run last nite; All loads on 609 and mainline and cowboy's as is; Went to Dermott, derailment inside city limits; Donna emailed they turned chip Load and lumber load over early; Donna called at 2:18 pm, "We will not accept in interchange any more chip cars that have chips showing above the sides of the car." When I asked why, "That is making them top heavy and causing us to have derailments. We're not bringing you any more lumber cars, either. You've been loading #286,000 cars, and we've been pulling them, and they're breaking our rail like match sticks. We're a #263,000 railroad, as I'm sure you are. You've been pulling #286,000 cars, too. The UP has messed up and been sending the bigger cars, I've got a call in to Ted Frodyna now."

1/30/04 – No service from DS; Tammy called at 12:50 pm asking about whether Potlatch had discontinued loading, told her to call Ben. Ben called at 3:15 pm, said that Donna assured him they would have loads moved by Monday, talked him in to loading again Monday

1/31/04(Saturday) – DS hasn't moved a train in Monticello, moved one behind derailed hopper and centerbeam; No empties pulled to or from Warren

2/1/04(Sunday) – DS came in late afternoon, set up Fulham, left 7 to WSR

2/2/04 – 2 days empties at Fulham, we have 7, empties on siding in Monticello; LAST TRAIN PULLED IN OR OUT OF WARREN

HARDWOOD CARS

| DATE | CAR # | SCALE GROSS WEIGHT | SCALE TARE WEIGHT | CAR TARE WEIGHT |
|----------|-----------|--------------------------|-------------------------|-----------------------|
| 2/8/2004 | MP592 889 | 244400 | 164800 | 79600 |
| | MP592 915 | 252000 | 172100 | 79900 |
| | MP592 114 | 252700 | 173500 | 79200 |
| | MP592 510 | 239300 | 159900 | 79400 |
| | MP592 572 | 252100 | 172200 | 79900 |
| 2/7/2004 | MP592 927 | 246700 | 165800 | 80900 |
| | MP592 169 | 243100 | 164400 | 78700 |
| | MP592 148 | 242700 | 164000 | 78700 |
| | MP592 367 | 250300 | 170600 | 79700 |
| | MP592 911 | 249400 | 169700 | 79700 |
| | MP592 960 | 246200 | 166100 | 80100 |
| | MP592 426 | 257300 | 177200 | 80100 |
| | MP592 862 | 251600 | 172200 | 79400 |
| | MP592 639 | 250500 | 171000 | 79500 |
| 2/5/2004 | MP592 813 | 242400 | 162500 | 79900 |
| | MP592 843 | 250900 | 170400 | 80500 |
| | MP592 653 | 245600 | 166100 | 79500 |
| | MP592 589 | 253400 | 173500 | 79900 |
| | MP592 565 | 250900 | 171300 | 79600 |
| | MP592 489 | 248500 | 168100 | 80400 |
| | MP592 406 | 245400 | 164900 | 80500 |
| | MP592 733 | 255400 | 175800 | 79800 |
| | MP592 038 | 254600 | 175300 | 79300 |
| | MP592 315 | 246300 | 166200 | 80100 |
| | MP592 073 | 253300 | 174400 | 78900 |
| | MP592 658 | 250400 | 170900 | 79500 |
| 2/4/2004 | MP592 828 | 240800 | 160300 | 80300 |
| | MP592 876 | 228900 | 146400 | 80500 |
| | MP592 899 | 237600 | 157800 | 80000 |
| | MP592 826 | 235400 | 155400 | 80000 |
| | MP592 018 | 242600 | 163400 | 79200 |
| | MP592 478 | 234800 | 154700 | 80100 |
| | MP592 087 | 233800 | 154800 | 79000 |
| | MP592 122 | 249300 | 170100 | 79200 |
| | MP592 309 | 240200 | 160500 | 79700 |
| | MP592 037 | 238100 | 158100 | 80000 |
| | MP592 612 | 239100 | 159900 | 79200 |
| | MP592 502 | 245800 | 166100 | 79700 |
| | MP592 808 | 242300 | 162800 | 79500 |
| | MP592 936 | 238500 | 158400 | 80100 |
| | MP592 752 | 241000 | 161800 | 79200 |
| 2/3/2004 | MP592 005 | 241900 | 161000 | 80900 |
| | MP592 006 | 239300 | 160000 | 79300 |
| | MP592 200 | 245300 | 165700 | 79600 |
| | MP592 248 | 236900 | 157100 | 79800 |
| | MP592 264 | 237000 | 157000 | 80000 |

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|---------------------|--------|--------|-------|
| MP592 374 | 237000 | 158600 | 80400 |
| MP592 375 | 248500 | 168400 | 80100 |
| MP592 418 | 237000 | 158600 | 80400 |
| MP592 477 | 240700 | 159900 | 80800 |
| MP592 676 | 244200 | 164200 | 80000 |
| MP592 795 | 234000 | 153100 | 80900 |
| MP592 805 | 239700 | 159400 | 80300 |
| MP592 110 | 256100 | 175900 | 80200 |
| MP592 269 | 245200 | 164700 | 80500 |
| MP592 034 | 245200 | 165700 | 79500 |
| MP592 628 | 242800 | 163100 | 79700 |
| MP592 191 | 250800 | 171500 | 79300 |
| MP592 434 | 251100 | 170400 | 80700 |
| MP592 478 | 248100 | 167600 | 80500 |
| MP592 541 | 257900 | 176700 | 81200 |
| MP592 030 | 251500 | 171400 | 80100 |
| MP592 617 | 254000 | 173800 | 80200 |
| MP592 666 | 249100 | 169000 | 80100 |
| MP592 980 | 258100 | 177400 | 80700 |
| MP592 149 | 256300 | 177400 | 78900 |
| 1/28/2004 MP592 175 | 248900 | 168100 | 80800 |
| MP592 576 | 245700 | 164100 | 81600 |
| MP592 572 | 243800 | 162800 | 81000 |
| MP592 187 | 249100 | 168800 | 80300 |
| MP592 333 | 250800 | 168900 | 81900 |
| 1/27/2004 MP592 993 | 233300 | 151200 | 82100 |
| MP592 433 | 230100 | 149100 | 81000 |
| MP592 106 | 243900 | 163800 | 80100 |
| MP592 016 | 248400 | 168100 | 80300 |
| MP592 344 | 237100 | 158700 | 80400 |
| MP592 662 | 248100 | 165200 | 80900 |
| MP592 033 | 239700 | 158600 | 80100 |
| MP592 243 | 246000 | 165700 | 80300 |
| 1/27/2004 MP592 363 | 251500 | 170900 | 80600 |
| 1/26/2004 MP592 570 | 246400 | 165900 | 80500 |
| MP592 068 | 249100 | 169800 | 79300 |
| MP592 464 | 258900 | 177200 | 79700 |
| MP592 363 | 251500 | 172200 | 79300 |
| 1/25/2004 MP592 981 | 251300 | 171800 | 79500 |
| MP592 908 | 243200 | 162400 | 80800 |
| MP592 295 | 248400 | 168900 | 79500 |
| MP592 821 | 252500 | 172800 | 79700 |
| MP592 163 | 247700 | 168300 | 79400 |
| MP592 999 | 242800 | 162500 | 80300 |
| MP592 385 | 248900 | 166800 | 80100 |
| MP592 093 | 248500 | 170100 | 78400 |
| 1/24/2004 MP592 336 | 248300 | 167900 | 80400 |
| MP592 804 | 251500 | 171400 | 80100 |
| MP592 596 | 247000 | 166800 | 80200 |
| MP592 119 | 247000 | 167700 | 79300 |
| MP592 841 | 251300 | 169900 | 81400 |

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|-----------|-------|-----|--------|---------|----------|
| 1/23/2004 | MP592 | 501 | 250700 | 166200 | 84500 |
| | MP592 | 060 | 248000 | 164900 | 83100 |
| | MP592 | 774 | 250000 | 165900 | 84100 |
| | MP592 | 313 | 246500 | 166300 | 80200 |
| | MP592 | 127 | 247000 | 167400 | 79600 |
| | MP592 | 132 | 243900 | 164200 | 79700 |
| | MP592 | 413 | 243200 | 163000 | 80200 |
| | MP592 | 490 | 244500 | 164300 | 80200 |
| | MP592 | 227 | 247900 | 168600 | 79300 |
| | MP592 | 975 | 250400 | 170300 | 80100 |
| | MP592 | 279 | 245900 | 166800 | 79300 |
| | MP592 | 068 | 241300 | 161600 | 79700 |
| | MP592 | 816 | 245600 | 165400 | 80200 |
| 1/22/2004 | MP592 | 758 | 238300 | 158300 | 80000 |
| | MP592 | 891 | 243200 | 162400 | 80800 |
| | MP592 | 551 | 245700 | 164900 | 80800 |
| | MP592 | 589 | 249800 | 168800 | 81000 |
| | MP592 | 776 | 250000 | 169800 | 80200 |
| | MP592 | 936 | 247100 | 166300 | 80800 |
| | MP592 | 752 | 238300 | 157300 | 81000 |
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| | MP592 | 876 | 242200 | 161100 | 81100 |
| | MP592 | 899 | 247500 | 165800 | 81700 |
| 1/21/2004 | MP592 | 113 | 250000 | 169900 | 80100 |
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| | MP592 | 170 | 242100 | 161000 | 81100 |
| | MP592 | 919 | 246000 | 165200 | 80800 |
| | MP592 | 721 | 239800 | 160000 | 79800 |
| | MP592 | 987 | 242200 | 160800 | 81400 |
| | MP592 | 268 | 236900 | 157000 | 79900 |
| | MP592 | 632 | 240200 | 159600 | 80800 |
| | MP592 | 285 | 239000 | 159100 | 79900 |
| | MP592 | 003 | 248700 | 168700 | 80000 |
| | MP592 | 971 | 245200 | 164100 | 81100 |
| | MP592 | 294 | 238000 | 157300 | 80700 |
| | MP592 | 939 | 248100 | 166800 | 81300 |
| | MP592 | 739 | 235800 | 155600 | 80200 |
| | MP592 | 827 | 243500 | 162600 | 80900 |
| | MP592 | 889 | 251000 | 167900 | 83100 |
| | MP592 | 915 | 247300 | 164100 | 83200 |
| | MP592 | 644 | 239100 | 157900 | 81200 |
| | MP592 | 114 | 243400 | 169100 | 74300 |
| | MP592 | 510 | 243400 | 163500 | 79900 |
| | MP592 | 572 | 245600 | 165700 | 79900 |
| | MP592 | 426 | 244400 | 164200 | 80200 |
| | MP592 | 659 | 251600 | 171400 | 80200 |
| 1/20/2004 | MP592 | 489 | 246100 | 1663600 | -1417500 |
| | MP592 | 733 | 237800 | 158100 | 79700 |
| | MP592 | 038 | 246600 | 165600 | 81000 |
| | MP592 | 315 | 237000 | 157400 | 79600 |
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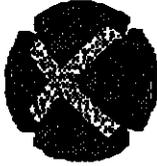
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| | MP592 619 | 246700 | 166800 | 79900 |
| | MP592 200 | 250500 | 171100 | 79400 |
| 1/18/2004 | MP592 639 | 247300 | 167400 | 79900 |
| | MP592 169 | 244000 | 164900 | 79100 |
| | MP592 927 | 249600 | 163200 | 80400 |
| | MP592 148 | 247000 | 167800 | 79200 |
| 1/17/2004 | MP592 149 | 236300 | 157600 | 76700 |
| | MP592 110 | 245400 | 166100 | 79300 |
| | MP592 269 | 247100 | 167800 | 79300 |
| | MP592 034 | 242900 | 163600 | 79300 |
| | MP592 628 | 242400 | 163000 | 79400 |
| | MP592 191 | 251500 | 172500 | 79000 |
| | MP592 434 | 251100 | 170200 | 80900 |
| | MP592 478 | 248500 | 168300 | 80200 |
| | MP592 541 | 240100 | 160100 | 80000 |
| | MP592 498 | 247300 | 167100 | 80200 |
| | MP592 188 | 245500 | 166500 | 79000 |
| | MP592 989 | 246900 | 166500 | 80400 |
| | MP592 122 | 250300 | 171200 | 79100 |
| | MP592 309 | 246800 | 166200 | 80600 |
| | MP592 037 | 246200 | 166300 | 79900 |
| | MP592 612 | 247200 | 167800 | 79400 |
| | MP592 569 | 252000 | 171800 | 80200 |
| 1/16/2004 | MP592 993 | 252000 | 171800 | 80200 |
| | MP592 433 | 250000 | 169900 | 80100 |
| | MP592 106 | 244200 | 164600 | 79600 |
| | MP592 016 | 249700 | 170400 | 79300 |
| | MP592 662 | 247600 | 168000 | 79600 |
| | MP592 477 | 245600 | 166100 | 79500 |
| | MP592 464 | 247300 | 167400 | 79900 |
| | MP592 363 | 248800 | 169500 | 79300 |
| | MP592 617 | 247400 | 167900 | 79500 |
| | MP592 418 | 239000 | 158000 | 80000 |
| | MP592 666 | 245500 | 165500 | 80000 |
| 1/11/2004 | MP592 056 | 245700 | 166300 | 79400 |
| | MP592 205 | 248700 | 172300 | 76400 |
| | MP592 905 | 237200 | 159000 | 78200 |
| 1/10/2004 | MP592 476 | 245900 | 165900 | 80000 |
| | MP592 227 | 246200 | 166900 | 79300 |

| | | | |
|--------------------|--------|--------|-------|
| MP592 975 | 246400 | 166200 | 80200 |
| MP592 279 | 250100 | 170900 | 78200 |
| MP592 066 | 249900 | 168900 | 81000 |
| MP592 678 | 247500 | 167800 | 79700 |
| MP592 428 | 241700 | 161600 | 80100 |
| MP592 583 | 246000 | 186700 | 79300 |
| MP592 855 | 253700 | 173800 | 79900 |
| MP592 864 | 249100 | 168800 | 80300 |
| MP592 921 | 242500 | 161700 | 80800 |
| MP592 175 | 244800 | 165600 | 79200 |
| MP592 065 | 242800 | 163600 | 79200 |
| MP592 673 | 246100 | 166500 | 79600 |
| 1/9/2004 MP592 805 | 249300 | 168800 | 80500 |
| MP592 005 | 250800 | 171300 | 79500 |
| MP592 676 | 240900 | 161200 | 78700 |
| MP592 006 | 240800 | 161500 | 79100 |
| MP592 518 | 245600 | 166500 | 79400 |
| MP592 018 | 240200 | 160600 | 79600 |
| MP592 733 | 243600 | 163500 | 80100 |
| MP592 353 | 234900 | 150300 | 84600 |
| MP592 112 | 237100 | 151900 | 85200 |
| MP592 596 | 251600 | 172000 | 79600 |
| MP592 119 | 250800 | 172000 | 78800 |
| MP592 841 | 257000 | 178900 | 80100 |
| 1/8/2004 MP592 384 | 256900 | 176500 | 80400 |
| MP592 423 | 247700 | 167000 | 80700 |
| MP592 658 | 252800 | 173300 | 79500 |
| MP592 565 | 249100 | 169600 | 79500 |
| MP592 843 | 249000 | 168800 | 80200 |
| MP592 406 | 248900 | 168900 | 80000 |
| MP592 813 | 242100 | 162000 | 80100 |
| MP592 685 | 242100 | 163000 | 79100 |
| MP592 619 | 244700 | 164900 | 79800 |
| MP592 200 | 239200 | 159200 | 80000 |
| MP592 489 | 248200 | 166400 | 79800 |
| MP592 087 | 242500 | 163900 | 78600 |
| MP592 264 | 245100 | 164400 | 80700 |
| MP592 519 | 243800 | 163000 | 80800 |
| MP592 429 | 256200 | 176700 | 79500 |
| MP592 501 | 249500 | 169700 | 79800 |
| MP592 285 | 245100 | 164400 | 80700 |
| MP592 003 | 246000 | 166300 | 79700 |
| MP592 971 | 249900 | 169800 | 80300 |
| MP592 294 | 248700 | 169000 | 79700 |
| MP592 818 | 246500 | 166500 | 80000 |
| MP592 113 | 248200 | 168000 | 79200 |
| MP592 735 | 242800 | 163300 | 79500 |
| MP592 170 | 244700 | 165300 | 79400 |
| MP592 669 | 241000 | 161800 | 79200 |
| 1/7/2004 MP592 510 | 249300 | 170000 | 79300 |
| MP592 572 | 246400 | 166600 | 79800 |

| | | | |
|--------------------|---------------|---------------|------------------|
| MP592 426 | 247300 | 167200 | 80100 |
| MP592 490 | 248100 | 168400 | 79700 |
| MP592 981 | 248400 | 168000 | 80400 |
| MP592 908 | 251800 | 172100 | 79700 |
| MP592 774 | 243400 | 164100 | 79300 |
| MP592 295 | 252200 | 172500 | 79700 |
| MP592 739 | 249100 | 169100 | 80000 |
| MP592 827 | 246800 | 166100 | 80700 |
| MP592 060 | 248100 | 169700 | 78400 |
| MP592 758 | 250200 | 171100 | 79100 |
| MP592 721 | 247700 | 168700 | 79000 |
| MP592 891 | 248200 | 167900 | 80300 |
| MP592 987 | 248100 | 167900 | 80200 |
| MP592 268 | 244700 | 165500 | 79200 |
| MP592 832 | 246200 | 165700 | 80500 |
| MP592 336 | 249800 | 170300 | 79500 |
| MP592 939 | 245600 | 164300 | 81300 |
| 1/6/2004 MP592 551 | 248800 | 167700 | 81100 |
| MP592 589 | 248800 | 167400 | 81400 |
| MP592 778 | 251800 | 170900 | 80900 |
| MP592 936 | 252700 | 171400 | 81300 |
| MP592 752 | 254100 | 173700 | 80400 |
| MP592 828 | 252800 | 171400 | 81400 |
| MP592 876 | 252800 | 171100 | 81700 |
| MP592 821 | 244900 | 164800 | 80100 |
| MP592 163 | 246500 | 166700 | 79800 |
| MP592 999 | 249100 | 168800 | 80300 |
| MP592 385 | 243000 | 162600 | 80400 |
| MP592 093 | 238100 | 159300 | 78800 |
| MP592 249 | 241100 | 161700 | 79400 |
| MP592 333 | 235000 | 155000 | 80000 |
| MP592 804 | 250000 | 169900 | 80100 |
| MP592 899 | 247400 | 166400 | 81000 |
| MP592 114 | 253700 | 173300 | 80400 |
| MP592 859 | 250200 | 168100 | 82100 |
| MP592 073 | 249700 | 169400 | 80300 |
| MP592 315 | 245700 | 164800 | 80900 |
| MP592 058 | 249000 | 168500 | 80500 |
| MP592 889 | 252100 | 170700 | 81400 |
| MP592 313 | 247700 | 166400 | 81300 |
| MP592 127 | 240300 | 158600 | 81700 |
| MP592 915 | 236700 | 154400 | 82300 |
| MP592 644 | 243100 | 161600 | 81500 |
| 1/1/2004 MP592 108 | 250400 | 171300 | 79100 |
| MP592 016 | 252900 | 173400 | 79500 |
| MP592 662 | 252800 | 172900 | 79900 |
| MP592 477 | 249000 | 169100 | 79900 |
| MP592 770 | 249400 | 169900 | 79500 |
| MP592 056 | 250800 | 171500 | 79300 |
| AVERAGE | 253519 | 171139 | 82380 lbs |
| | 126.8 | 85.6 | 41.2 tons |

SOFTWOOD CARS

| CAR # | SCALE GROSS WEIGHT | SCALE TARE WEIGHT | CAR TARE WEIGHT | |
|----------------|--------------------------|-------------------------|-----------------------|---------------|
| MP592 673 | 254900 | 173400 | 81500 | |
| MP592 697 | 254900 | 172700 | 82200 | |
| MP592 204 | 253800 | 172900 | 81000 | |
| MP592 955 | 257800 | 178300 | 81500 | |
| MP592 734 | 263200 | 181900 | 81300 | |
| MP592 727 | 258800 | 176900 | 81900 | |
| MP592 509 | 258100 | 176800 | 81300 | |
| MP592 428 | 257400 | 176000 | 81400 | |
| MP592 563 | 258800 | 179200 | 79600 | |
| MP592 295 | 260900 | 181100 | 79800 | |
| MP592 912 | 260100 | 180700 | 79400 | |
| MP592 974 | 260400 | 180700 | 79700 | |
| MP592 881 | 258700 | 174500 | 84200 | |
| MP592 278 | 258400 | 179200 | 79200 | |
| MP592 419 | 264400 | 182200 | 82200 | |
| MP592 879 | 261900 | 180000 | 81900 | |
| MP592 293 | 262100 | 181800 | 80300 | |
| MP592 585 | 262100 | 181000 | 81100 | |
| MP592 837 | 258500 | 175800 | 82700 | |
| MP592 690 | 258800 | 178100 | 80500 | |
| MP592 611 | 258000 | 177500 | 80500 | |
| MP592 653 | 249300 | 169400 | 79900 | |
| MP592 862 | 268400 | 188600 | 79800 | |
| MP592 980 | 267700 | 187300 | 80400 | |
| MP592 608 | 262800 | 182900 | 79700 | |
| MP592 502 | 265100 | 185200 | 79900 | |
| MP592 387 | 262000 | 181500 | 80500 | |
| MP592 911 | 258000 | 178000 | 80000 | |
| MP592 960 | 260200 | 179800 | 80400 | |
| MP592 344 | 251800 | 172600 | 79200 | |
| MP592 033 | 264000 | 184700 | 79300 | |
| MP592 570 | 253700 | 174200 | 79500 | |
| MP592 248 | 254100 | 174700 | 79400 | |
| MP592 068 | 254100 | 174900 | 79200 | |
| MP592 375 | 262300 | 182500 | 79800 | |
| MP592 374 | 257800 | 178400 | 79400 | |
| MP592 200 | 264000 | 184900 | 79100 | |
| MP592 489 | 261000 | 187500 | 73500 | |
| MP592 087 | 266300 | 187900 | 78400 | |
| MP592 264 | 254700 | 175300 | 79400 | |
| MP592 519 | 264000 | 185200 | 78800 | |
| MP592 429 | 269300 | 189500 | 79800 | |
| AVERAGE | 259817 | 179612 | 80205 | pounds |
| | 130 | 90 | 40 | tons |
| Max | 135 | 95 | 42 | tons |



EXOPACK

1829 HWY 35 South
Monticello, AR 71655
Phone: 1-800-783-5734
Fax: 870-367-7436

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW Room 700
Washington, DC 20006

Dear Secretary Williams:

We receive numerous railcars of raw materials from Canada to operate our facility. The dependence on railcar is critical to our ability to survive in a highly competitive industry and attain favorable raw material pricing.

The service we have received from Delta Southern Railroad (DSR) in the last several months has been terrible. We have had materials remain in the rail yard up to two weeks prior to delivery to our facility. We have worked through these delays but usually an anticipated 2-day delay often ends up being a 2-week delay and commitments not kept.

Several times we have initiated negotiations with our supplier to eliminate the use of rail service, but our supplier would have to raise prices which would eliminate our ability to remain profitable in several markets.

Potlatch has recently filed a letter of support for Arkansas Midland Railroad to provide rail service on an emergency and continuing basis. While we are not as large a customer as Potlatch, the success of our business depends on reliable, efficient rail service. Delta Southern Railroad has repeatedly shown that they will not provide that service, so we would like to support the Emergency Service Order for Arkansas Midland Railroad to operate the McGehee to Warren line.

Sincerely,

Keith Williams
Operations Manager

MAXWELL HARDWOOD FLOORING

March 1, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

Re: **Finance Docket No. 34479**
Arkansas Midland Railroad Company, Inc. – Emergency
Service Order – Line of Delta Southern Railroad, Inc.

Dear Secretary Williams:

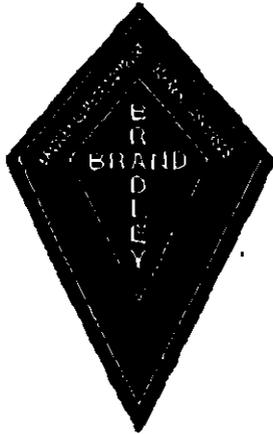
My name is Thomas V. Maxwell. I am President and CEO of Maxwell Hardwood Flooring, a large hardwood flooring manufacturing facility in Monticello, Arkansas. The facility encompasses 59 acres and an array of facilities including a million board feet pre-dryer, five dry kilns with a capacity to hold 600,000 board feet and three production lines. Our plant has a rail siding that connects to the Union Pacific line operated by the Delta Southern Railroad. We have used rail to receive inbound carloads of lumber and to ship our flooring products throughout the United States and Canada.

Maxwell has not received any rail service from Delta Southern since February 6, 2004. On February 6, we loaded a boxcar of flooring and notified Delta Southern that it was ready for pick up. Despite numerous calls to Delta Southern, the car was not picked up. Ultimately, after 17 days, to protect our customer, we had to unload the boxcar and transload it onto 3 trucks for movement to California at an additional cost to us of \$3,880. The empty car is still sitting there.

This is intolerable. We understand that the Arkansas Midland Railroad has requested authority from the Surface Transportation Board to provide alternative rail service on the line. I strongly requests that the Board grant Arkansas Midland's request so that rail service can be restored as soon as possible.

Very truly yours,





BRADLEY LUMBER COMPANY

**PO Box 930 • 822 Fullerton • Warren, AR 71671
870-226-3539 phone • 870-226-2555 fax**

Date: March 1, 2004

**To: Vernon A. Williams
Secretary, Surface Transportation Board
1925 K Street N.W. Room 700
Washington, D.C. 20006**

**From: Kenneth McDougald
Vice President & General Manager
Bradley Lumber Company**

subject: Rail Service for Bradley Lumber Company

I am writing to advise you that we need good rail service for our manufacturing plant in Warren, Arkansas. We have had no service here since late December, 2003. This has caused us to divert shipments to customers via truck.

We have had extremely poor service from the Delta Southern Railroad in the past. It took a year for us to be paid for one car of lumber and one car of chips that were derailed near Monticello, Arkansas. The dealings and communications with Delta Southern were unacceptable and unreliable, as are their other services. We are a small company that cannot afford to have money tied up this long.

We are not a large user of rail service, but we strongly feel that this area needs and deserves a good and reliable carrier. We have available for shipment approximately 275 cars annually of which most are for hardwood chips destined for McGehee, Arkansas,

Feel free to contact me if more information is available.

A handwritten signature in black ink, appearing to read "Kenneth McDougald". The signature is written in a cursive style.

**VERIFIED STATEMENT
OF
CHARLES LAGGAN**

My name is Charles Laggan. I am Vice President and General Manager for Arkansas Midland Railroad Company ("AKMD"), a position I have held for 9-1/2 years. I am responsible for AKMD operations, administration, maintenance of way, and equipment and locomotive repairs. I am located in Malvern, Arkansas, the headquarters for AKMD. Warren, Arkansas is less than a two-hour drive from Malvern.

I have personally overseen and directed AKMD's assessment of current transportation needs on the Dermott-Warren, Arkansas line ("the Warren Branch") and AKMD's planning for the provision of alternative service on the line. I have inspected most of the line using points accessible to the public and have met with all of the customers on the line. I verified the facts in AKMD's February 20, 2004 Petition for Emergency Service Order. I have now read the Reply of the Delta Southern Railroad ("DSR") to AKMD's Petition. Certain inaccurate statements made by DSR in its Reply regarding AKMD, operating conditions on the line and the need for alternative rail service on the line require a response.

Contrary to DSR's assertions, AKMD is superbly positioned to provide reliable and safe transportation on the Warren Branch. AKMD is an experienced and capable short line operator in Arkansas with a seasoned local management team with collectively 211 years of experience in rail operations, equipment repair and distribution. I personally have more than 37 years of experience in rail operations generally and 9-1/2 years of experience in rail operations in Arkansas. The three lines currently operated by AKMD in the state are very similar to the Warren Branch. They were lines that, when acquired from UP in 1992, needed significant work to be sustainable over the long term. Another similarity is that on our existing Arkansas lines,

we handle lumber on centerbeam flatcars and in boxcars, wood chips in high side hoppers, paper in boxcars and stone in hoppers - all the commodities presently handled on the Warren Branch in similar equipment.

About 30 miles of AKMD's Hot Springs and Helena Branches are non-control cooled 90-pound rail similar to that on the Warren Branch, except for the fact that none of the 90-pound rail on AKMD's lines is continuously welded as is approximately the western half of the Warren Branch. Thus, AKMD has substantially more rail joints to maintain on its bolted trackage. Although every railroad has derailments from time to time, over the past 3 years we have had only 4 derailments on the 90-pound jointed rail sections of our railroad and all were minor. None involved cars that turned over. We attribute this to good track maintenance and operating procedures.

One of the lines we operate, the Helena Branch, lies in substantially the same Delta region as the easternmost portion of the Warren Branch and is subject to similar ground stability conditions. Another line, the Hot Springs Branch, has substantially more curves and gradient than the track profile I have seen for the Warren Branch. That we have operated safely on our lines for a dozen years with 90-pound jointed rail, we believe is directly related to our substantial investment in new crossties especially at the rail joints. Our experience with 90-pound rail breakage has been very minimal which we attribute to our tie replacements, enforcing the train speed limit of 10 mph, and limiting the gross weight handled to 263,000 pounds. We have not had to resort to injection grouting to stabilize the subgrade. Based on our experience on our other lines in Arkansas, we believe that AKMD can maintain and operate the Warren Branch safely and efficiently without the wholesale removal and remediation of the subgrade.

DSR's claim that its problems are due to having to handle 286,000-pound cars (the so-called Heavy Axle Loading cars or "HAL" cars) over the line is bogus. These days, almost all of the car orders placed by AKMD customers on our lines for centerbeam flatcars are filled with cars with a maximum gross weight capability of 286,000 pounds. Because we too have not yet upgraded our lines to handle HAL cars at their maximum gross weight (except one five mile section on our Hot Springs Branch), our published maximum load limit for all of our lines is 263,000 pounds. It is not a problem because our customers load the HAL cars to a maximum of 263,000 pounds. For our lumber shippers who load dimensional southern yellow pine just like that shipped by Potlatch on the Warren Branch, that means that they can usually load close to the full visible capacity of the car without exceeding the 263,000-pound limit. While our customers would certainly like to ship heavier cars, we believe that good communications with our customers, including keeping them apprised of the status of our line upgrade project, has helped to keep cars from being overloaded and, over time, causing damage to the track and potential derailments.

AKMD has many years of experience handling wood chip hoppers that are regularly filled to full visible capacity and crowned above the top of the car. If we found cars loaded off-center (which has not been the practice at AKMD customers), we would not accept these cars from the shipper but discuss the problem with our customer and help them find a quick solution. Handling off-center loads is not a good operating practice. If the problem is a loading chute, we would assist our customer in developing a solution to the problem. If the issue is out-of-level track at the loading site, we would offer to make the necessary track repairs as we have done for many of our AKMD customers. Even properly loaded cars handled over track in poor condition, especially at the rail joints, are susceptible to harmonic rocking which is generally

accepted to be at its peak at 14-21 mph. Poor train handling can also result in derailments. Keeping train speed, especially on curves, to 10 mph minimizes the risk.

A cursory review of the derailment data submitted by DSR indicates that it is incomplete. On January 26, 2004, I personally viewed the aftermath of a multiple car derailment that had occurred on DSR in Dermott, Arkansas near milepost 423. Yet, the nearest derailment reported on DSR's list was nine miles away at milepost 432. In my conversation with Warren and Saline River Railroad manager Bubba York, he mentioned to me at least one recent derailment at the WSR/DSR interchange track in Warren near milepost 462. The nearest derailment reported on DSR's list was 16 miles away at milepost 446.

AKMD presently has full insurance coverage including Bill of Lading and Foreign Rolling Stock coverage. AKMD recently assumed operation of a former UP line in North Little Rock, Arkansas. We had no problem extending our insurance coverage to include operation of that additional line. We recently spoke to our insurance broker and we expect no problems including operation of the Warren Branch in our coverage. Our experience does not support DSR's assertion that "AKMD will find its liability insurance cancelled."

Arkansas Midland has developed an excellent service reputation with its customers. In 2000, AKMD was named "Short Line of the Year" by Railway Age magazine for its customer service when customers representing 98.9% of its shipments wrote supporting statements for the award. One year earlier AKMD won the American Short Line and Regional Railroad Association's annual marketing award. In 2003, AKMD was a runner up for "Short Line of the Year" when a section of our Hot Springs Branch was upgraded to handle shipments of turbines/generators loaded on Schnabel cars weighing 1.4 million pounds each. Kirk Harris,

Construction Manager of the power plant involved told us "Working with the AKMD was exceptional - it was the best experience we have ever had working with a railroad."

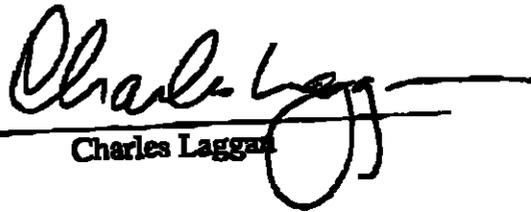
AKMD's Manager of Marketing and Sales and I recently spoke with all of the rail customers on the Warren Branch. It gave us the opportunity to introduce ourselves and discuss our operating plans with them. We found all of the customers to be supportive of our plans with many describing the substantial delays to their shipments that they had experienced with DSR. One customer, Exopack, told us about three cars held up by DSR in McGehee Yard for 2-3 weeks. Another customer, Maxwell Flooring told us about a boxcar of flooring that they had loaded and released for shipment only to have the car sit on their siding for several weeks. Eventually they unloaded the boxcar and trucked the material to their customer at considerable additional expense. When we met with them on February 26, 2004, the empty boxcar was still on their siding.

AKMD's representatives were warmly greeted by all Warren Branch customers with a clear sense of relief that something was finally being done about the continual service decline on this line. The manager of the Warren & Saline River Railroad advised us that he had to lay off all of his operating employees because DSR was not providing any service. He also told us of nine cars that Potlatch had shipped weeks earlier that had not yet moved the 40 miles to UP. The wife of one shipper unable to receive any service in January told AKMD's Marketing Manager, "You are the answer to a prayer."

Whether we are or not, it is clear that shippers on the line can no longer tolerate the present level (i.e., lack) of rail service. AKMD respectfully requests that the Board grant its petition and allow AKMD to provide alternative service on the line as soon as possible.

VERIFICATION

Charles Laggan, under penalty of perjury, declares and verifies that he is Vice President and General Manager of Arkansas Midland Railroad Company, Inc., that he has read the foregoing Verified Statement, knows the facts asserted therein, and that the same are true as stated.



Charles Laggan

Dated: March 3, 2004

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of March, 2004, a copy of the foregoing
Rebuttal of Arkansas Midland Railroad Company, Inc. in Support of Emergency Service
Order was served by facsimile and overnight delivery upon:

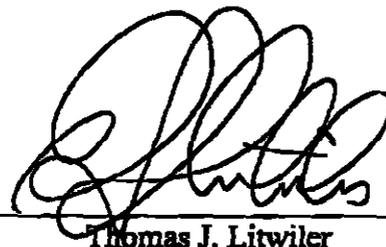
John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W., Suite 800
Washington, DC 20036
Fax: (202) 296-3939

and by overnight delivery upon:

Office of Chief Counsel
Federal Railroad Administration
400 Seventh Street, S.W., Room 5101
Washington, DC 20590

David A. Weisel
Director of Distribution
Potlatch Corporation
805 Mill Road
Lewiston, ID 83501

Warren C. Wilson
Senior Manager Rail Line Planning
Union Pacific Railroad Company
1416 Dodge Street, Room 1110
Omaha, NE 68179



Thomas J. Litwiler