



CARVER LUMBER

March 15, 2007

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Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
395 "E" Street, S.W.
Washington, DC 20423-0001

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Office of Proceedings

MAR 16 2007

Part of
Public Record



RE: STB Docket No. AB-878
BY ELECTRONIC FILING (HARD COPY TO FOLLOW)

Dear Mr. Williams:

This letter is in response to your order of January 12, 2007, and subsequently modified in your order of February, 2007, to Carver Lumber Company "to submit evidence regarding the balancing of the relative benefits and burdens under the PC&N standard" as referenced in the Docket proceeding referenced above relevant to reopening the STB August 2005 Decision.

The Board of Directors of Carver Lumber wish to reiterate that our letter to you of July 19, 2006 remains the most complete record of our position on the issue at hand and strongly encourage the STB to review that letter in detail, as we believe the issues contained therein go directly to the issue at hand. We nevertheless submit the following points for your consideration:

The lack of service frequency from the Western Connection is extremely detrimental to the efficient operation of our business. Further, for well over a decade the service we have received over the Kellar Branch greatly exceeded our current service level as documented in detail in our July 19, 2006 letter that shows a 400% greater delivery time over the Western Connection than cars delivered over the Kellar Branch Line. The "service" over the Western Connection was totally unreliable, and delayed and disrupted our supply chain repeatedly. CIRY, we are informed, and believe, has no presence in Peoria, and made a habit of ignoring interchange reports from UP and left loaded cars at interchange ("Pioneer Junction") for days, and occasionally up to a week, until a Carver Employee drove out to the interchange, discovered the car(s), and we called and requested delivery. Even then, CIRY sometimes was not prompt in sending a crew.

At a meeting held on November 9, 2006 in the Peoria City Hall with Mayor Ardis, Congressman Ray LaHood, Wayne Borg and Kim Deyo of the Union Pacific, Dick Carver and various other city staffers, Congressman LaHood specifically asked the UP representatives if anything could be done to improve the

delivery time to Carver Lumber and was told emphatically by the UP that nothing could or would be done by the UP to change the current delivery schedule to Carver via the Western Connection. The matter seems quite closed and has been exhaustively debated with the same consistent answer. We, the Board of Directors of Carver Lumber, fail to see how this situation meets the standard of public convenience and necessity especially in light of the fact that no interested party has disputed this service deficiency. Due to the unreliability of delivery by rail via the Western Connection we have ceased taking rail deliveries, to the present and future financial detriment and loss of business opportunity. We very much want to resume taking rail deliveries and strongly believe that, based upon comments from Union Pacific, that the only viable means of rail service will be via the Kellar Branch Line.

Also as indicated in our July letter the issue of cost remains significant. Despite two separate requests just last month, we have yet to be quoted a rate for delivery of cars via the Kellar Branch Line by the City or CIRY. Accordingly, the only reliable committed carrier who has shown any interest in our problem of reliable and cost efficient service is Pioneer Industrial Railway. Recent comments by O'Brien Steel relative to this matter should not be considered by the STB because O'Brien enjoys competitive service via TZP of all railroads and thus is not affected by these proceedings. In contrast, approximately 75% of our shipments originate on CN, and most of the rest on BNSF. UP was rarely appeared in any of our routings prior to our traffic being forced onto the "western connection".

We fully understand that cost of rail service cannot be the sole reason a shipper such as Carver is objecting in these proceedings. And indeed that is not the case here. However, when the cost of rail service along with the quality and quantity of rail service to combine as in the situation before us, we feel it is appropriate for the STB to look at the situation in its entirety to determine if the public good is being met.

In the case before you now, one must not be distracted by the current politically charged rail/trail issue and the fundamental contractual obligations the City acquired when they purchased the Kellar Branch Line. Without rehashing the entire history of the Kellar we do wish to make the following points:

The Kellar Branch Line has been in existence for decades serving "willing shippers" by "willing carriers".

Rail service via the Kellar Line has a well established successful history of serving the public "need" which dates back to the inception of this rail line. The Western Connection has proven that it cannot offer a comparable alternative of service.

There exists today a "willing shipper", Carver Lumber, along with a "willing carrier", PIRY.

PIRY is the only "willing carrier" who has gone on record who is ready, willing, and able to service the Kellar Branch Line. CIRY, in its latest

filling dated February 22, 2007, page 8, states "CIRY intends to honor its obligation with the Cities to provide common carrier service over the active portions of the Line." Yet the Cities in their February 22, 2007 filling to the STB indicates on page 2, item 3, that "the segment of the Branch between the facilities of those shippers, on which there is no traffic, would be converted to recreational trail use." The reason there is "no traffic" on the "middle" section of the Kellar is because CIRY has failed to fulfill its common carrier obligations to provide service via the Kellar after repeated attempts by Carver to route cars via the Kellar Line. CIRY counters that it is the City of Peoria that is preventing it from using the Kellar Line for delivery of cars to Carver. This "catch 22" is a clear and transparent attempt by the City of Peoria to circumvent the normal and historical workings of common carrier service under long standing guidelines governing rail delivery service to shippers such as Carver. We would also call to your attention that while the City of Peoria in its February 22, 2007 filing, page 2, indicates that "The Village of Peoria heights concurs in the action voted by the City of Peoria", the Village does not concur with the City of Peoria's action.

The City states in the Cities STATEMENT OF POSITION in their February 22, 2007 filing, page 2 item 1, "Carver and any other shipper located near the north end of the Branch would be served from the west via CIRY'S connection with Union Pacific Railroad Company (UP) at Pioneer Junction;". Given the facts at hand, what this really means, based on the public comments from the UP before Congressman LaHood in the November 9, 2006 City Hall meeting, is that Carver can expect poor and extremely untimely service. This clearly does not meet the PC&N standard.

The City has made the statement on several occasions that since they "own" the Kellar Line they should be able to do what they want with it. What they have failed to acknowledge is that they, like any other landowner, "own" the line subject to long established STB guidelines. That the City made commitments to the Peoria Park District a decade ago to convert the Kellar Line to a hiking/biking trail should have no bearing on the STB in reaching its decision relative to the core question of what the Cities obligations were to the shippers, present and future. The City should not be allowed to disavow its obligation simply because it is no longer politically convenient.

Carver Lumber Company is a 100% employee owned company whose 51 employees' livelihood depends on competitive and timely transportation of goods. It is a well established fact that the most cost effective and environmentally friendly way to deliver this commodity is by rail as opposed to truck. We are currently transloading 100% of our otherwise rail delivered materials that we have received by rail in a timely and cost efficient manner for over 20 years. The current transloading operation is not a solution. It is expensive, disrupts our scheduling, and negatively affects our ability to compete. Carver must compete with larger chain dealers that have more buying power than we do. The long-term

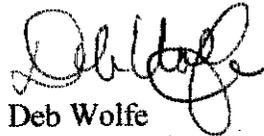
viability of our business is at risk if we are not able to resume rail shipments. The means, provided by PIRY, the funds, provided by PIRY, and the desire, provided by PIRY, all exist today to restore rail service to Carver and all future Kellar Branch Line users.

We strongly encourage the STB to permit a "willing carrier", PIRY, back on the Kellar Line to provide service to a "willing shipper", Carver, as required by the STB guidelines that were in place when the City acquired the line and still exist today.

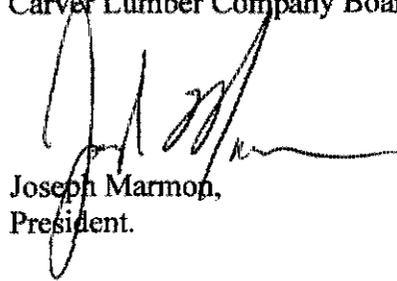
Sincerely,



Mark Booth
Carver Lumber Company Board of Directors



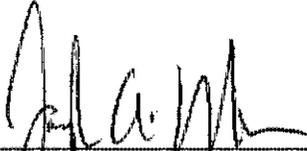
Deb Wolfe



Joseph Marmon,
President.

CERTIFICATE OF SERVICE

I certify that on March 15, 2007, I served the foregoing by depositing a copy of same in the United States Mail, postage fully prepaid, addressed to each of the parties of record, at their respective addresses as disclosed by the filings of record in the above-referenced proceeding.



Name: Joseph Marmon

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