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June 2, 2010



VIA FEDERAL EXPRESS

Cynthia T. Brown
Chief of the Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

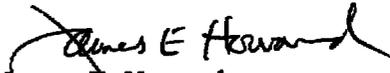
227201

Re: STB Docket No. AB 1043 (Sub-No. 1)
Montréal, Maine & Atlantic Railway, Ltd.--Discontinuance of Service
and Abandonment--In Aroostook and Penobscot Counties, Maine

Dear Ms. Brown:

On behalf of Montréal, Maine & Atlantic Railway, Ltd., enclosed for filing in the above-captioned matter are the original and 10 copies of the "Petition of Montréal, Maine & Atlantic Railway, Ltd. for Clarification of Decision of May 24, 2010". Please let me know if you have any questions or need any additional information. Thank you very much for your attention to this request.

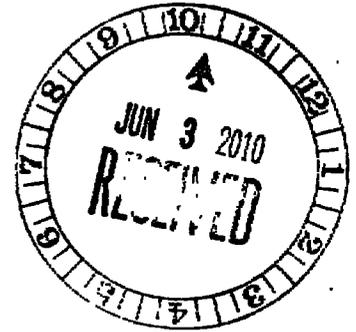
Very truly yours,


James E. Howard

Enclosures
cc: Linda J. Morgan

ENTERED
Office of Proceedings
JUN 03 2010
Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD



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

MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.--
DISCONTINUANCE OF SERVICE AND ABANDONMENT--
IN AROOSTOOK AND PENOBSOT COUNTIES, MAINE

**PETITION OF MONTRÉAL, MAINE & ATLANTIC RAILWAY,
LTD. FOR CLARIFICATION OF DECISION OF MAY 24, 2010**

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Dated: June 2, 2010

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BEFORE THE
SURFACE TRANSPORTATION BOARD

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

MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.--
DISCONTINUANCE OF SERVICE AND ABANDONMENT--
IN AROOSTOOK AND PENOBSOT COUNTIES, MAINE

**PETITION OF MONTRÉAL, MAINE & ATLANTIC RAILWAY,
LTD. FOR CLARIFICATION OF DECISION OF MAY 24, 2010**

Montréal, Maine & Atlantic Railway, Ltd. ("MMA") submits this Petition pursuant to 49 CFR 1117 to request the Board to clarify one aspect of the decision issued on May 24, 2010 in these proceedings. Specifically, MMA requests the Board, for the reasons set forth below, to continue to follow Congressional intent to decide abandonment cases expeditiously in accordance with statutory deadlines and to state that it will be in a position to issue a decision on the merits of MMA's application on or about July 9, 2010.

BACKGROUND

Even before filing its abandonment application on February 25, 2010, MMA had been engaged with the Department of Transportation of the State of Maine (the "State") in discussions concerning the sale of the lines that are the subject of the application (the "Abandonment Lines") to the State. Indeed, these discussions began in approximately August, 2009, and MMA has acknowledged consistently since that time that the best solution to the staggering losses that it has been incurring in the operation of the

Abandonment Lines would be to sell them to the State. As described in more detail below, these discussions have continued and are currently ongoing.

The Board has expressed its view that it generally favors negotiated settlements and that, in this case in particular, a negotiated resolution would be desirable. In order to promote that goal, the Board issued a decision on April 14, 2010 directing MMA and the State to meet with the Board's mediation personnel. Such a meeting took place on April 22, 2010, and later that same day MMA requested, with the consent of the State, the Board to extend the procedural schedule in this case for 3 weeks in order to permit the parties to concentrate on their settlement discussions under the auspices of the STB mediator. In the letter requesting the extension, MMA noted that the date for a decision on the merits of the application would be July 9, 2010, rather than June 15, 2010 as originally contemplated.

In a decision dated April 26, 2010, the Board granted the three-week extension. Subsequently, the State and MMA have exchanged written outlines proposing settlement terms and conditions and have engaged in further discussions. MMA believes that substantial progress has been made toward a negotiated resolution. MMA and the State are hopeful that voters in Maine will vote favorably on June 8, 2010 for a referendum providing for the issuance of bonds that will provide funding for an acquisition of the Abandonment Lines by the State.

As of May 24, 2010, the Board issued a decision requesting the parties to submit a joint report on or before June 17, 2010 on the status of negotiations. In the decision, the Board stated that "if the parties have not reached an agreement or have not made substantial progress toward reaching an agreement by June 17, 2010, the Board will

resume its consideration of the merits of this abandonment proceeding and prepare a final Board decision." In addition, noting the need to schedule a public hearing and the "time consumed by the mediation process", the Board stated that it "does not anticipate that it would issue a decision on the merits of MMA's application by July 9, 2010."

On May 26, 2010, MMA filed its rebuttal argument and evidence pursuant to the current procedural schedule. In addition, interested parties filed comments on the Draft Environmental Assessment on May 26. The written record in the proceedings is, therefore, complete.

ARGUMENT

As noted above, MMA believes that it has made substantial progress with the State toward a resolution of the issues in these proceedings. MMA will continue in good faith to discuss settlement with the State and to draw upon the assistance of the Board's mediator in order to facilitate the discussions. At the moment, however, it is impossible to predict whether the discussions will lead to a settlement agreement that will resolve all the issues. As noted above, the vote scheduled for June 8 in Maine represents a huge uncertainty.

In the meantime, MMA's losses from operations on the Abandonment Lines continue to be substantial. Business on the Abandonment Lines continues to be very weak. For example, May, 2010 represented a decline of approximately 30% from the same month in 2009. There is no cash flow from the Abandonment Lines to fund capital expenditures that are desperately needed, and MMA does not have sufficient funding from other sources to undertake such expenditures. The obligation to continue operations on the Abandonment Lines represents a very serious financial drain on MMA and its

ability to provide service on its other lines. In these circumstances, a timely decision on the merits of the application is critical.

Congress has clearly expressed its intention that decisions on abandonment cases be made on a timely basis. Specifically, this means that final decisions on the merits should be issued within 110 days after an application has been filed. This approach, which has been consistently followed by the Board, enables it to comply with the statutory requirement of 49 U.S.C. 10904(c) that offers to subsidize or purchase a line must be made within 120 days after the filing of an application.

The Board has recognized in at least one prior decision that "Congress imposed strict deadlines in abandonment cases so that we would decide them promptly." *Central Railroad Co. of Indiana--Abandonment Exemption--In Dearborn, Decatur, Franklin, Ripley, and Shelby Counties, IN*, STB Docket No. AB-459 (Sub-No. 2X), served April 1, 1998. In that case, the Board was confronted with the argument that it should "adjust" its "self-imposed" deadline for deciding abandonment cases in order to permit discovery. The Board concluded that, given the Congressional mandate, it had no such discretion..

The same reasoning should be followed in this case. Specifically, as the Board stated in *Central Railroad of Indiana*, while recognizing "the hardships that the abandonment proceedings deadlines place on the parties to those proceedings, as well as on the Board, [the Board would] not 'adjust' the statutory deadline to decide this case." As noted above, MMA will use its best efforts to reach a settlement, but if that is not possible the Board should put itself in a position to issue a decision on or about July 9, 2010 on the application. MMA recognizes that the three-week delay for a decision, from June 15 to July 9, was granted at its request in order to accommodate mediation, but

MMA disagrees that the "time consumed by the mediation process" provides any reason, as suggested by the Board in its decision of May 24, for any further deferral at this time of a decision on the merits. Furthermore, MMA believes that the Board should continue to review the record and prepare a final decision, rather than suspend its activities, as implied in the May 24 decision (which states that if the parties have not reached or made substantial progress toward an agreement by June 17, "the Board will resume its consideration of the merits . . .").

CONCLUSION

This proceeding has its share of uncertainties, not the least of which is whether MMA and the State will be able to reach a settlement. One matter that is certain, however, is the crystal-clear Congressional intent to have abandonment cases decided on the merits in a timely manner. For the reasons demonstrated above, the Board should conclude that, absent a joint request by MMA and the State to defer a decision while negotiations continue, it will issue a final decision on the merits on or about July 9, 2010.

Respectfully submitted,

MONTREAL, MAINE &
ATLANTIC RAILWAY, LTD


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Attorneys for Montreal, Maine & Atlantic Railway, Ltd.

Dated: June 2, 2010

Certificate of Service

I hereby certify that I have served the foregoing Petition as of this 24 day of June, 2010 by causing copies to be sent to the parties parties of record in these proceedings by United States mail, postage prepaid.


James E. Howard