



Seven Islands Land Company

P.O. BOX 1168
BANGOR, ME 04402-1168
TEL. 207-947-0541
FAX 207-945-5148

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Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street SW
Washington, DC 20423

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Public Record

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

In support of the request by the STB for briefings from interested parties as to whether provisions of 49 U.S.C. Para. 10903 and 10904 would support imposition of conditions for access of any sort including trackage rights and haulage rights, Seven Islands Land Company offer the following for consideration.

Seven Islands Land Company is a forest management company, located at Bangor, Maine. We manage approximately 1.1 million acres in northern Maine and own two hardwood production facilities in Portage Lake, Maine that rely on the rail system to move products to market. Portage Wood Products uses rail extensively for chips for pulp and paper mills in the region. Maine Woods Company, our hardwood sawmill, uses the rail to a more limited extent but usage could increase significantly if a cost efficient intermodal facility was located in Northern Maine.

We fully support the imposition of trackage versus haulage rights to St Leonard, NB; Northern Maine Junction in Hermon; and Brownville Junction, Maine for the following reasons:

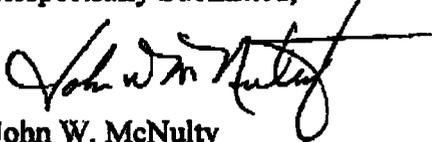
- MMA has not demonstrated that it can be a cost efficient and reliable service provider on rail and allowing them haulage rights on the short spur bookends will further hinder Northern Maine's ability to use rail efficiently.
- Nominal costs associated with carload interchange amongst carriers are usually \$60/car. Assuming MMA is allowed to keep the haulage rights on the bookends, we can assume our freight costs to market will increase as another interchange will be added as compared to the present mode of operations. MMA has failed to provide accurate activity cost accounting associated with individual rail sections. Therefore, when the question of appropriate haulage and interchange charges surface in the future with the new carrier, MMA would never be able to demonstrate what the appropriate charges should be

thus creating greater barriers on current issues for shippers and efficiency problems for the new carrier.

- The new carrier on the line will have little if any leverage to negotiate favorable rates. Shippers and the new carrier will essentially be held hostage by MMA if haulage rights are maintained on the bookends. Granting Maine and subsequently the new carrier trackage rights will provide for a more level playing field when negotiating with MMA.
- Trackage rights will encourage an expansion of use of the rail as shippers will maintain control of their shipments and benefit from the increased efficiencies of rail as use of the rail grows.

Northern Maine desperately needs a reliable and efficient railroad to service it. Years of rail inefficiencies and neglect have brought our region to this crossroad. In comparison just across the border in Canada; rail has enabled the forest products industry, agriculture and food processing to thrive. Having a reliable and efficient rail system is fundamental to our future if we are to successfully compete for world markets with our resource-based economy. We strongly recommend that you impose trackage rights for the State of Maine on both ends of the abandonment section such that we can efficiently access national and international rail service for Northern Maine.

Respectfully Submitted,



John W. McNulty
President
Seven Islands Land Company

cc: Nathan Moulton
Director, Rail Program
Maine DOT, Office of Freight Transportation
16 State House Station
Augusta, Maine 04333