

Voting Conference, February 23, 2005

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Sierra Pacific Industries—Abandonment Exemption—in Amador County, CA
STB Docket No. AB-512X

SierraPine—Discontinuance Exemption—in Amador County, CA
STB Docket No. AB-880X

Good Morning Chairman Nober, Vice Chairman Buttrey, and Commissioner
Mulvey.

This case involves a petition for exemption jointly filed by Sierra Pacific Industries and SierraPine. SPI seeks to abandon and SierraPine seeks to discontinue service over a 12-mile line of railroad between Ione and Martell, in Amador County, CA. Protests and comments were filed by the Amador County Transportation Commission, the Board of Supervisors of the County of Amador, the California Department of Transportation, and the Martell Industrial Center, LLC. The draft decision before you grants the exemptions subject to public use, trail use, and environmental conditions.

SPI acquired the line in 1997 along with a mill complex located near the end of the line. Its affiliate, SierraPine, subsequently bought from SPI a particle board plant, which was the last facility remaining open at the mill complex, and leased the line from SPI. SierraPine operated the line between 1999 and June 2004, until SierraPine embargoed it due to safety concerns. While the line was in service, SierraPine primarily served its particle board plant. It also transported a limited number of cars for Landmark

Trim USA, a tenant which had operated at a facility currently owned by Martell Industrial Center.

The Amador County Transportation Commission argues that the petition should be denied and the petitioners should be required to file a formal application. The Transportation Commission takes the position that the petitioners should be required to more fully explain the effects of the proposed abandonment and discontinuance on the local economy, a proposed business park which would have been served by the line, and the Commission's goal of restoring passenger service on the line. The draft decision explains that an application is unnecessary because the current record is adequate. The record already clearly demonstrates that maintaining freight service is a burden on the petitioners. Since 1999, the costs have far exceeded the revenues on the line, and will worsen. However, the shippers have transportation alternatives. Furthermore, the draft decision notes that there is no statutory basis for requiring a freight carrier to retain service on a line in order to facilitate future passenger rail service and that the goal of returning passenger service on the line could actually be furthered by granting the exemptions.

Finally, the line to be abandoned and discontinued constitutes the only line of SierraPine and the only common carrier line of SPI. Consistent with Board precedent regarding entire-line abandonments, under the circumstances presented here, the draft decision does not impose labor protective conditions.

If you have any questions, we will be happy to respond to them now.