

August 17, 2010

David A. Cole, Commissioner  
Maine Department of Transportation  
16 State House Station  
Augusta, ME 04333

Commissioner Cole,

Fraser Timber Limited strongly supports the State of Maine's Tiger II Grant Application for federal assistance to fund a project to preserve and rehabilitate Aroostook County's railways. It is our understanding that the current rail system is in dire need of repair and improvement to achieve efficient operability. We ship about 70% of our annual production on these railways and depend greatly on its sustained and cost-effective operation.

If left to further deterioration, Aroostook County's only railway will eventually cease to operate, which will negatively impact many businesses and communities that depend on rail to transport goods and materials. We support the State of Maine's proactive approach to securing this very important mode of transportation through seeking funds for its repair and upgrade and are pleased to offer our support.

Established in 1979 with facilities located in Ashland and Masardis, Maine, Fraser Timber Limited is a lumber manufacturing company that employs approximately 250 workers when operating at capacity. Due to the current downturn in the US economy we are now operating at just 89% capacity at our Masardis facility, employing 145 workers, while our Ashland facility is presently idle. When the housing market and associated demand for lumber improves, we will return to normal higher production levels.

Rail is more cost efficient than trucking as about 4 truckloads of lumber can be delivered by a single railcar. Nearly all our lumber is sold into the Eastern and Southern United States.

Due to our long distance from customers and annual lumber volumes exceeding 160 million board feet, rail sidings were installed at each location. Without dependable rail service we would be forced to ship all products at a higher cost by truck. Many large customers order volumes of lumber that can only be shipped in a timely and cost-effective manner by rail. If we are unable to service these customers they would go elsewhere to buy lumber and we would permanently lose market share and revenue. The ensuing curtailment of this production and increased cost of shipping all production by truck would result in reduced operation and job losses that would further burden the state.

It is very important to maintain efficient rail lines that can be operated at optimum and safe speeds. The rail operator would gain on the improved efficiencies of higher speeds and the shippers, companies such as us, would remain competitive as they are then able to provide customers with cost-effective and timely rail service. It's a win-win situation for everyone.

Sincerely,



Arkon Horne, Controller  
Fraser Timber Limited

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